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The National Underwriter

LIFE INSURANCE EDITION

FRIDAY, NOVEMBER 4, 1932

NOV 4 - 1932



Cooperation that Really Helps

Peoria Life Service to Agents includes everything that a company can do to make the efforts of its agents more productive. Organized educational plans help the new man. Personal help by an experienced and competent agency staff increases his efficiency. A wide variety of advertising-helps reduce resistance and arouse interest in the agent's message. A lively agency program keeps him on the job with fresh enthusiasm.

He profits also from the good will that follows his company's service to policyholders; women's insurance; special plans for children; policies for substandard risks; disability and double indemnity benefits; non-medical

examinations; family income, annuity, and many other plans to meet every life insurance need.

The Peoria Life provides all of these services and many more besides. But it does not stop with the conventional types of service, useful though they are. There are the emergencies, the unexpected situations when an agent wants out-of-the-ordinary cooperation. He wants a quotation of a special rate from the actuarial department, or an opinion from the medical director. He is in urgent need of certain supplies; he requires help in closing an unusual case, or a policy issued or a claim approved with extra speed. Such occasions impress the agents of the Peoria Life with its readiness to serve them with all of its facilities, and in every possible way that will favor their success.

Peoria Life Insurance Company

PEORIA, ILLINOIS

THE MAN OF WISDOM AND FOLLY

This was Solomon, King of Israel and son of David and Bathsheba. His wisdom was shown in countless ways. His folly, by luxurious living, multiplied matings with heathen women, excessive sensuality, and oppression of his people.

Solomon went out for wealth and women in a big way. He, himself, said: "Lo, I am come to great estate, . . . I made me great works; I builded me houses; I planted me vineyards: I made me gardens and orchards, and I planted trees in them of all kind of fruits: . . . I gat me servants and maidens, and had servants born in my house; also I had great possessions of great and small cattle above all that were in Jerusalem before me: I gathered me also silver and gold, and the peculiar treasure of kings and of the provinces: I gat me men singers and women singers, and the delights of the sons of men, as musical instruments, and that of all sorts. *SO I WAS GREAT . . .*":

Solomon, in all his wisdom, however, knew nothing about Life Insurance. He knew not how to protect his wealth, women, or estates by this modern business device. He did know, however, and he so admonishes us, "in the day of prosperity to be joyful, but in the day of adversity *to consider.*"

He looked upon all his worldly possessions as "vanities"; we regard them as treasures to be safeguarded.

That is why Life Insurance was devised. It guarantees the integrity of an estate in times of prosperity; it assures one of an estate in the "day of adversity."

Now is the day and this is the hour for all men to "think on these things." Here is the opportunity for Life Insurance Agents to spread the gospel of Life Insurance. In these days of adversity to many, it is well *to consider* this wonderful, modern method of perfect protection.

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

Milwaukee, Wisconsin

The National Underwriter

LIFE INSURANCE EDITION

Thirty-Sixth Year No. 45

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, NOVEMBER 4, 1932

\$3.00 Per Year, 15 Cents a Copy

Agency Officers Face Vital Issues

Replacement Evil Absorbing Topic

Commission Revision to Meet
Problem Is Outstanding
Recommendation

MANY ACTUARIES ATTEND

Joint Meeting with Sales Research Bureau
Held in Chicago—Devlin
Presides First Day

By LEVERING CARTWRIGHT

Out of the wealth of provocative and stimulative material that was presented at the first session of the joint meeting in Chicago of the Life Agency Officers and Sales Research Bureau the suggestion that commissions be readjusted was the most significant.

The proposal was first broached by L. S. Morrison of the bureau staff. The suggestion was espoused only after long deliberation by the bureau and presumably by some of its members. Such a readjustment would be undertaken to offer inducement to conservation work on the part of agents. The proposal is to reduce first year commissions and increase the percentage and extent of renewals.

Bullock's Paper Absorbing

Chandler Bullock, the president of the State Mutual Life, in his profound paper, indorsed the proposal and supported it with additional reasoning. The germ has been planted; the ice has been broken and the chances are that the commission question will engage great attention.

The convention opened Tuesday morning with C. D. Devlin of the Confederation Life presiding in his capacity of chairman of the board of the Research Bureau. Attendance seemed to be up to par and there were an exceptional number of actuaries in the audience, many of whom are in Chicago since the American Institute of Actuaries is holding a two-day session there this week.

Tribute to Barnet and Russell

Mr. Devlin paid tribute to the late Philip Barnet, who was president of the Continental American Life and who delivered the closing speech at the agency officers and bureau meeting last year, his topic being "Maintaining Equilibrium in the Life Insurance Business."

Mr. Devlin also paid tribute to the late Winslow Russell, who is responsible for founding the Research Bureau. Mr. Russell had the foresight to appoint a committee, Mr. Devlin said, to invest

(CONTINUED ON LAST PAGE)

Change in Commissions to Aid Persistency Broached

Chandler Bullock Says Advisability
of Readjustment Should
Be Considered

Revision of the agency contract, particularly as to the first year's commission, is a subject that deserves the attention of executives today, Chandler Bullock, president of the State Mutual Life, told the joint gathering of the Life Agency Officers and Sales Research Bureau in Chicago.

Mr. Bullock endorsed the criticism made earlier in the meeting by L. S. Morrison of the bureau staff that the present system does not give the proper balance between first year commissions and renewals so as to reward attention to conservation on the part of the agent.

The selling of premium payments as deposits, according to Mr. Bullock, that can be withdrawn or borrowed on easily and quickly, invites withdrawals or loans after a short time.

Points Out Absurdity

Mr. Bullock asked whether the companies desire to pay the agent 50 percent of the first premium for obtaining what that agent sells as a deposit and which is so treated. A bank that paid 50 percent commission, he said, for securing a deposit "would be considered crazy." If a premium is to be called anything else, he declared, it might be styled an installment on the purchase of an estate, but not a deposit.

Too often, he said, business insurance is sold as an accumulation of mere deposits. Such insurance has a high surrender outgo, often in four or five years, Mr. Bullock declared. He asked whether a 50 to 60 percent first year commission is really warranted on much of this business even when it is term insurance. He asked whether the usual first year term commission is justified when the outgo occurs before the term expiry. Mr. Bullock said that the business of many high pressure agents who were once styled human dynamos has become short circuited.

Commissions Not Earned

The full first year commission is not earned, he said, if a policy other than term goes out in four or five years and is replaced by a new policy, nor is the commission earned on the new policy. "Have we," he asked, "any right out of our policyholders' funds to pay commissions that are not earned?"

Mr. Bullock said that the recompense for renewed persistency is small and it may be timed to approach the question from the standpoint of real earnings. Commissions, he declared, should not be lessened in the long run but the rewards

(CONTINUED ON PAGE 11)

L. S. Morrison Suggests Cut in
First Year and Stronger
Renewals

Change in the present agency contract and change in point of view are necessary if persistency is to be substantially improved, L. S. Morrison of the research bureau staff declared in his address before the joint meeting of the research bureau and the agency officers in Chicago. He said there must be more emphasis on the keeping of what is already on the books and the logical person to be paid for that service is the agent.

Although many executives would like to see the agent's contract changed, because of competitive considerations, they hesitate to take the initiative, Mr. Morrison declared.

Some Changes Made

A number of changes have actually been instituted, he said, in behalf of persistency. Among the changes are the payment of a salary, in addition to regular renewals, based upon volume of business in force; extension of the renewal paying period to the 15th or 20th policy year; rate of renewal commissions dependent upon lapse rates; additional second year commissions; bonus payable in the second year or later if more than a certain percentage of business renewed.

None of these plans, he pointed out, impose an immediate penalty for lapse. The appeal of a deferred reward, he pointed out, is to the men who need it the least, the men who write persistent business because it is their nature to do so. The man to be reached is the one whose vision is only focused on the dollar today, he said. Mr. Morrison said that imposition of an immediate cash penalty for lapse would reach such men. Payment of a substantial first commission on unprofitable business is inefficient, he said. Some leaders predict the day when first commissions will be a thing of the past, according to Mr. Morrison.

Pay for Net Gains

Mr. Morrison suggested that instead of paying a large commission upon all new business, it be paid only upon new business in excess of termination occurring before the 11th policy year. Since this will reduce the net rate of first year commission, a corresponding increase in the renewal commission rate must be made. He made comparisons and quoted figures showing that a commission of 60 percent on net gains plus nine renewals at 10 percent would be just. This plan in reality, is a flexible scale of first year commissions dependent

(CONTINUED ON PAGE 11)

Would Strengthen the Foundations

Stress of Depression Gives First
Real Test of Life Insurance
Edifice

THREE PHASES DISCUSSED

Field Forces, Sound Policies and Sound
Currency Are Vital Points Supporting
Structure

Three phases of the life insurance problem were dealt with by M. A. Linton, president of the Provident Mutual Life, in his closing address on "Strengthening the Foundations at the annual meeting in Chicago of the Life Agency Officers Association and the Life Insurance Sales Research Bureau.

"The prolonged depression of the 1930's is supplying the first real test of the edifice of life insurance since the days when the foundations themselves were being laid in the 1870's," said Mr. Linton. "The devastating experiences of recent years have revealed places where the foundation needs to be strengthened."

Mr. Linton first dealt with the problem of the field forces. He said in the boom period from 1922 to 1929 almost any man of good appearance could write life insurance. In order to compete with other well-paying offers life insurance resorted to the system of advances and many successful agencies were built on advances. The system seemed to work and in due course the proposition was laid down that the building of a great agency required the investment of a large capital sum in direct advances to the agency force.

Lack of Constructive Aid

An obvious characteristic of an advance of money is its lack of constructive aid to a man in equipping him to do a better job of selling. The advance system did not stand up in the storm. Agencies built upon the foundation of advances have discovered that there was something lacking.

"The advance system has become outmoded," declared Mr. Linton. "Even if the requisite money were available we have learned that under present conditions the man with an advance gets nowhere without a thorough training in the art of life insurance salesmanship. The agent without training, the agent who is not keeping up to date, is being left behind."

"I wonder where we would now be had we not had this clearing house of information in agency matters, the Re-

(CONTINUED ON PAGE 10)

W. J. Donald Is Keynote in Forum on Budgetary System

TALKS TO AGENCY OFFICERS

C. D. Devlin of Toronto Becomes Chairman of the Executive Committee of the Association

The second day's session of the joint meeting of the Sales Research Bureau and Agency Officers in Chicago sounded more like a convention of certified public accountants than of production men. All speakers were advising the application of the budgetary system to the production end of the business.

The keynoter was W. J. Donald, former manager of the American Management Association and now a partner in J. O. McKinsey & Co., accountants, who took the place of Mr. McKinsey on the program. In the future, he predicted, profits must be recaptured by cutting costs. He said there must be a recognition that there will be a lower volume of business and a lower price level for some time to come. Therefore, profits must be planned for and the answer is the budget.

Budget Is Not a Straitjacket

In estimating claims, actuaries, he said, are engaged in departmental budgeting, but there are few so-called master budgets for the insurance business. The budget is not a straitjacket, according to Mr. Donald. It never hampers the man whose major consideration is profit. Statisticians and accountants, he said, should not be departmentalized but their viewpoints should permeate the entire business structure. The point has been reached, he said, where it is a disadvantage to be a specialist.

M. A. Linton, president of the Provident Mutual, presided at the second day's session in his capacity as chairman of the executive committee of the Sales Research Bureau—a position to which he is being re-elected. Mr. Linton called upon L. P. Brigham of the National Life of Vermont to give the report of the nominating committee. Mr. Brigham looks like Coolidge and without a smile he delivered a nominating speech capturing something of Coolidge, Roosevelt and Hoover. For instance, he said: "We are carrying on the battle on a thousand fronts and I do not favor payment of the bonus right now. I do not favor repeal of the natural death benefits from life insurance policies. The good men do lives after them and virtue is its own reward. Anything which menaces this great organization is not good for the ordinary run of men."

Nominating Committees Report

Thereupon, his voice quivering with emotion, he put in nomination for directors of the Sales Research Bureau: C. H. Parsons, Northwestern Mutual; George L. Hunt, New England Mutual; "Have Faith in Massachusetts;" H. M. Woollen, American Central; H. R. Cunningham, Montana Life; H. L. Amber, Berkshire Life.

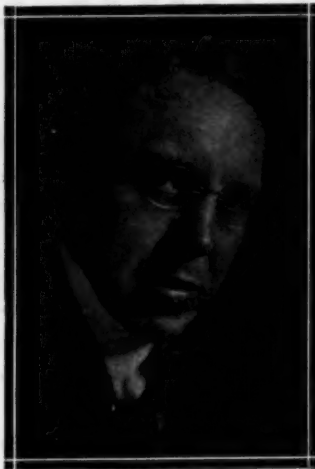
The new executive committee is composed of J. C. Behan, Massachusetts Mutual; L. J. Dougherty, Guaranty Life of Davenport; D. Gordon Hunter, Phoenix Mutual; H. W. Manning, Great West Life, and Mr. Linton.

C. D. Devlin is being advanced from vice-chairman to chairman of the executive committee of the Life Agency Officers. He has been chairman of the board of the Research Bureau.

Following Mr. Brigham's appearance greetings were brought from the Canadian Life Officers Association by J. G. Stephenson, past president of that organization, who is superintendent of agencies of the London Life.

Assistant Manager A. Gordon Ramsey of the Canada Life then came to the platform to point out the dangers in the whispering campaigns. He urged the agency officers to have managers

Executive Committee Chairmen



G. H. CHACE



M. A. LINTON

G. H. Chace, assistant secretary Prudential, was chairman of the executive committee of the Association of Life Agency Officers and chairman of the board of the Life Insurance Sales Research Bureau, which held their joint meeting in Chicago this week. M. A. Linton, president Provident Mutual Life, is chairman of the executive committee of the bureau.

American Life Convention Meets in Chicago in 1933

The American Life Convention will hold its 1933 meeting in Chicago, probably the first week in October. Announcement to that effect was made this week by Judge Byron K. Elliott, general manager, who was in Chicago attending the joint meeting of the Association of Life Agency Officers and Life Insurance Sales Research Bureau.

and general agents threaten cancellation of contract of any agent who rocks the boat. He also suggested that companies cooperate in advising each other of agents who are making derogatory statements. At the suggestion of Mr. Ramsay a vote of tribute was paid to Frank L. Jones of the Equitable for his work as chairman of the committee on replacement. E. E. Kirkpatrick of the Ohio National spoke from the floor, saying that if his company is given evidence of any of its agents engaging in a whispering campaign his contract is taken up. Then Mr. Donald was introduced by H. G. Kenagy, assistant manager of the Research Bureau.

Budgetary control, enabling the forecast of sales with proper regard to age and plan distribution, is feasible in life insurance according to E. C. Wightman, controller of the Lincoln National, who addressed the joint meeting. At least the same degree of accuracy as is obtained in rating substandard risks may be expected from the start under such a plan, he said. Efforts to control mortality and interest earnings have been scientific, but not so with expenses, Mr. Wightman said. The inter-relationship of various expense factors have been ignored, he declared; for instance, the relationship between the amount of the original investment and subsequent profit on new business on the one hand and the acquisition cost, first year lapse ratio and average amount of insurance per policy on such business on the other hand.

J. A. Stevenson, Penn Mutual Life, spoke of the objections advanced to the C. L. U. movement, stating that it is not supposed to be a magic wand and that in the final analysis the results are necessarily dependent on the individual. Adjournment was then taken until afternoon to hear the addresses of G. Fay Davies of the Research Bureau and V. R. Smith of the Confederation Life, both of whom advocated injection of budget-

(CONTINUED ON PAGE 10)

Hold Group Conferences Based on Companies' Size

Group conferences were held in five divisions Tuesday afternoon during the joint convention of the Life Agency Officers and Sales Research Bureau in Chicago. Heretofore the conferences were held during the lunch hour and were more or less unsatisfactory because of the necessity of returning to the sessions proper in the afternoon. This year there was plenty of time for informal discussion. Chairman of the conference of companies having over \$1,000,000,000 insurance in force was H. H. Armstrong, vice-president of the Travelers. He was assisted by John Marshall Holcombe, Jr., manager of the research bureau.

W. W. Jaeger, vice-president Bankers Life of Iowa, was in charge of the group having \$400,000,000 to \$1,000,000,000 in force. G. F. Davies of the research bureau was his assistant. J. G. Stephenson of the London Life presided at the conference for companies having \$150,000,000 to \$400,000,000 and was assisted by G. S. Dickinson.

W. T. Grant, president of the Business Men's Assurance, was in charge of the conference for companies having \$50,000,000 to \$150,000,000 in force and his assistant was L. J. Doolin. L. J. Dougherty, president Guaranty Life, presided at the conference for companies having less than \$50,000,000 in force. H. G. Kenagy was his assistant.

Topics for Discussion

Among the questions discussed were: Should surrender charges be increased? What is the best time to try to secure loan repayments? Are salaried reinstators worth while? Should contests be on the basis of new business results or on an "activity" basis? What kind of contests product the most persistent business? What can be accomplished by the use of modern forms for loan and surrender applications? What to do with heavily loaned policies? To what extent does the agent's plan of compensation affect persistency? Is the present agents' contract satisfactory? What are the objections to an ordinary debit?

The other questions discussed were: Are agency departments justified in maintaining agencies which are unprofitable due to local business conditions? Is it feasible, practical and useful to make a production estimate and a cost estimate over a future twelve months' period? What cost records or informa-

Guardian Life Dividends Are to Be Reduced Jan. 1

PRESIDENT HEYE EXPLAINS

Factors That Are Affecting Life Insurance Earnings Are Set Forth in Statement

NEW YORK, Nov. 3.—The Guardian Life has announced a reduction in dividends on its 1933 scale amounting to 15 percent. The interest rate on funds remaining on deposit with the company will continue to be 5 percent.

While terming the reduction a temporary one, President Heye pointed out in his announcement that all companies are confronted with the necessity for keeping a high degree of liquidity because of policy loans, cash surrenders and withdrawals of funds left at interest. This naturally results in lower interest earnings, and Mr. Heye stated that "unless the tendency to constantly extend the banking functions of life insurance is restricted the need of greater cash balances is likely to increase even further."

Financial Exhibit Showing

"The Sept. 30 financial exhibit statement showed that, due primarily to a continued favorable mortality experience and a reduction in expenses, the surplus earnings had been well maintained and that, in all likelihood, they would be sufficient for the year 1932 to allow the continuance of the present scale of dividends to policyholders. In considering the question of the declaration of such dividends, the directors recognized that, while the surplus earnings indicated for this year are favorable, there are some unfavorable factors affecting life insurance generally.

Factors Affecting Life Insurance

"Among these factors, which pertain more or less to all companies—and which it would be unwise for conservative management to ignore are (1) marked increases in taxation, federal state and local, both direct and indirect; (2) the necessity for larger cash balances and increasing secondary cash reserves—with the resultant reduction in interest earnings upon a larger portion of the assets of all companies—to be prepared to meet the constantly increasing demand for cash funds to which the companies are subject for loans, cash and surrender values and funds left at interest. With the recent emphasis which has been placed upon the property concept of life insurance, it is evident that this greater need of cash balances and reserves calls for an investment policy which must result in lower interest earnings, and unless the tendency to constantly extend the banking functions of the life insurance business is restricted, the need is likely to increase even further; (3) a generally decreasing rate of interest on investments suitable for life insurance companies.

"The board concluded it to be wise, conservative and in conformity with the company's principle of 'safety of the assured,' adopted at the time of its organization and followed throughout the 72 years of its history, temporarily to reduce dividends to policyholders by 15 percent, effective Jan. 1. This reduction is expected to result in a considerable increase in the company's net surplus as of Dec. 31, 1932.

tion ought to be available currently to the agency department executive? What are the cooperative researches or studies along cost lines which the research bureau can inaugurate which will assist the agency officer? What is the relation between managerial or agency contracts and agency costs? If an agency official determines that better control and perhaps reduction of costs are major objectives, what are the first steps to be taken in carrying out such a program?

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EXPLAINS

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Valuable Publicity Has Been Secured

The National Underwriter's Spe-
cial Number Creates Interest
Everywhere

HAS INTERESTING ANGLES

How the Papers in the Various States
Handled the Story of Insur-
ance Payments

Life insurance receives more pub-
licity in the reading columns of news-
papers through the annual number got-
ten out by THE NATIONAL UNDERWRITER
each year devoted to statistics and in-
formation concerning death payments
made during the previous year, than
from any other source. Newspapers re-
gard this material as possessing real
news value and therefore as not a mere
writeup of a great institution. THE
NATIONAL UNDERWRITER has a press
clipping service and therefore secures
approximately correct figures as to the
papers publishing the stories it sent
out, giving local color to each state.

How the Publicity Was Distributed

There were 115 different Nebraska
papers that published articles regard-
ing these payments and gave a number
of interesting facts that were furnished
by THE NATIONAL UNDERWRITER in con-
nection with the distribution of the
benefits. New York came next with 80,
then followed Illinois 76, Ohio 75,
Pennsylvania 74, Indiana 61, Michigan
53, California 52, Kansas 52, Iowa 48,
Texas 46, Missouri 39, Washington 37,
Georgia 36, Wisconsin 35, Massachu-
setts 34, New Jersey 33, Florida 30,
Montana 30, North Carolina 30, Con-
necticut 28, Kentucky 26, Minnesota 25,
South Carolina 20, Oklahoma 19, Ala-
bama 18, Louisiana 17, North Dakota
16, Virginia 15.

States That Exceeded the Quota

Studying the states by population it
would seem that Nebraska, Indiana,
Kansas, Iowa, Georgia, Florida, Mon-
tana, Connecticut, South Carolina,
Oklahoma and North Dakota published
a greater percentage of the material
than the population would indicate.
Illinois, Ohio and Michigan on a per-
centage basis published just about as
much as the population would indicate.
Naturally allowance would have to be
made for the number of newspapers in
a state as some have more per popula-
tion than others.

The compiler calls attention to the
fact that the most interesting phase of
a study of the clippings received was
the large number coming from Ne-
braska. This may be explained by the
fact that a dispatch dated from Omaha
was sent out by a syndicate and many
of the weekly and semi-weekly papers
use the service. Kansas also was eager
to get the material.

Published Material for a Month

One of the facts brought out in the
clippings is that the papers consider the
material as news long after the date of
release. The release date was July 28.
Yet many papers published some of the
material as late as Aug. 25.

THE NATIONAL UNDERWRITER got up
the story sent out to the papers in a
popular way and it was so written that
any paragraph or part could be cut off
without disturbing the main story.
Many papers published the full story
sent out. Others compressed it.

(CONTINUED ON PAGE 22)

Attack on Legal Reserve Halted By Ohio Decision

Decision of the Ohio department
denying licenses to three representatives
of the Pure Protection Life of Cleve-
land and revoking the license of a fourth
represents a victory for the Ohio As-
sociation of Life Underwriters.

Those agents are E. T. Dooley, who
has been working in Cleveland and Cin-
cinnati, B. G. Sharp of Oberlin, and
A. L. Malott and Garfield F. Carr of
Marion. Carr's license was revoked.

The complaint was "that each is un-
suitable to act as agent for the purpose
of procuring or receiving applications
for life insurance; and that said agents
made incomplete comparisons of policies
in competing companies for the purpose
of inducing or tending to induce the
holders of policies therein to lapse, sur-
render or forfeit their insurance."

The decision is of exceptional interest
at this time because it bears directly
upon the question of rewriting or "twist-
ing" policies at a time when the de-
pression has caused many people to con-
sider surrendering their policies and
taking down the reserve, or making
loans on them.

Judge Warner's Statement

Superintendent Warner of Ohio says
in his decision: "The evidence offered in
this case proves beyond a doubt that the
agents involved had a systematic method
of attacking legal reserve life insurance
regardless of the nature and character
of the investment. Their object was to
contact people who carried loan or sur-
render values and cause them to surren-
der their policies and to take new ones
of the pure protective type of insurance.
This was done by trying to discredit the
old line legal reserve system of insur-
ance. To do this and to further expedite
the attack on this system of insurance a
book was prepared by Mr. Dooley (over
the name of Yelood which Mr. Dooley
said was his name spelled backwards),
which book was generally used by
Dooley and among his agents. The
book is an indictment of legal reserve
life insurance and condemns all other
than that of the pure protection feature
and it is calculated to create distrust
and to break down the confidence of the
insuring public in an institution which
has become akin to our bank and trust
companies in the stabilization of our
financial system."

In other words, an unlawful attack
against such institutions has much the

same effect as "circulating false rumors
against banks," which calls for a severe
penalty.

Judge Warner quotes Section 13,171
of the general code of Ohio which pro-
vides a penalty of not less than \$100
and not more than \$500 or both or 30
days in jail or both and revocation of
license for not more than one year upon
conviction for misrepresentation of
policy terms, etc., or incomplete com-
parison.

Charge Is Sustained

Judge Warner further states: "On the
specific charge of twisting, we feel that
the oral evidence and exhibits offered
sustain this charge against each of the
four agents" and that "from all the tes-
timony in these cases we have therefore
reached the conclusion 'that the insur-
able interests of the public are not
properly served' by licensing or con-
tinuing the license of the agents above
named."

Judge Warner makes these general
observations: "The law of Ohio and the
law of all other states have authorized
legal reserve companies to transact their
appropriate business therein; the law re-
quires that certain provisions be carried
out by said companies with reference to
their underwriting; restrictions and lim-
itations define the rights of insurer and
insured."

"So fundamental have certain prin-
ciples become that the insurance com-
panies are required by law to pay the
insured surrender and loan values, ex-
tended insurance, and other valuable
options and privileges available from
year to year which were the natural out-
growth of this great business."

Value Is Demonstrated

"Millions of people have purchased in-
surance because of this combination in-
vestment protective nature of the con-
tract. The value of such investment
and protective method of insurance has
been demonstrated beyond a doubt, when
within the last year alone millions of
dollars have been available to relieve
distress everywhere."

"The law likewise makes provision for
companies to organize and to write in-
surance contracts which do not carry
what is known as standard provisions.
Consequently, a lower rate of premium
is charged for a contract not having the
(CONTINUED ON PAGE 22)

Blame Tax Boost for Dividend Cuts

Sharp Rise in Federal Income
Levy on Companies Is
Definite Factor

POSTAGE RATE AN ITEM

Change in Rate and Deductions Creates
Wide Disparity as Compared
with General Business

NEW YORK, Nov. 3.—The sharp
increase in taxes payable to the federal
government by life companies can be
blamed for a definite share in the divi-
dend reductions that are certain to be
made by many companies in the next
few months. In many cases the federal
income tax will be more than double
what it was last year. The 50 percent
increase in the first-class postage rate is
also no insignificant item when the
amount of such mailing done by life
companies is considered.

Life companies paid about \$10,000,000
in federal income taxes last year. This
year, because of the higher income tax
rate for all corporations and the reduc-
tion in the exemption allowed life com-
panies, they will have to pay, on the
average, 65 percent more than if the
old situation prevailed, or about \$16,-
500,000, assuming an investment income
of the same size and character as last
year. This means that some \$6,500,000
less will be available for distribution as
dividends than otherwise.

Large Increase in Tax

For one prominent mutual company
which recently announced a dividend re-
duction for 1933, the federal income tax
increase amounts to 100 percent and
there will be some increases of an even
larger percentage. There is considerable
variation among companies, depending
on the present rate of income from in-
vestments and the amount of securities
it holds which are non-taxable under the
National Life of Vermont decision of the
United States Supreme Court.

Those who might be tempted to look
upon the taxes paid by life companies
as an annoying but after all minor con-
sideration will be enlightened by a strik-
ing comparison made by Associate Ac-
tuary J. F. Little of the Prudential, in
his presidential address last June at the
annual meeting of the American Insti-
tute of Actuaries.

Tax Problem Oppressive

"It is interesting to note," said Mr.
Little, "that in a number of instances
the entire home office salaries, from
president to office boy included, are less
than the taxes laid on the life insurance
business by the various taxing authori-
ties. These taxes do not include real
estate taxes of any kind, but merely the
taxes laid on the transactions of the life
insurance business."

The proportion of federal taxes to
total taxes varies according to com-
panies. It is governed largely by the
proportion of securities held which are
exempt from federal income tax (by
reason of the National Life decision),
by the company's rate of return on its
investments, and the proportion of its
business, if any, which is on a 4 percent
basis. This last factor would apply to
annuities, for example, and also to the
limited number of companies holding
their life reserves on a 4 percent basis.

With some companies their federal in-
come tax for 1931 ran as high as 35 per-
cent of their total taxes, exclusive of
real estate taxes. For the more promi-
(CONTINUED ON PAGE 10)

Address Agency Officers



FRANK L. JONES
Vice-president Equitable of New York



CHANDLER BULLOCK
President State Mutual

"A Source of Comfort Through the Years"

The Record of a Small Policy

THE following letter from a Wisconsin clergyman illustrates strikingly how even a small life policy *kept in force* may be the chief or sole means to security and peace in the later years of life:

"My mind goes back across the years, to an afternoon in North Dakota, when a representative of the New York Life came to my home and urged me to take out some Life Insurance. I believed in insurance but was too poor to make a start. I was so short of money that the agent had to lend me the money for my first premium. My only regret is that I did not let him make it three thousand instead of one, as he wanted to do.

"It has been a source of comfort through the years, to have even so small an amount in a safe place. Now we are no longer young, and have decided to buy a little home. This means that we need the small savings the New York Life has been keeping for us these many years . . ."

This is a \$1,000 20 Payment Life policy issued at age 35. Total premiums paid—\$766.80. Present cash value, including dividend deposits, amounts to \$1,146.21. Through all these years the beneficiary has been protected for \$1,000.

A life or endowment policy (but not term insurance) is an Insured Savings Plan with guaranteed values for retirement.



HOME OFFICE BUILDING

NEW YORK LIFE INSURANCE COMPANY

51 MADISON AVENUE
NEW YORK, N. Y.

Time Never Better to Build Agency Staff, Speaker Says

J. G. STEPHENSON'S ADDRESS

London Life Man Sees Opportunity—
Recruits More Tractable Today—
Willing to Learn

Belief that the present is better than normal times to build an agency staff, because the public is committed to insured savings, because there is an inexhaustible source of good agency material, because there is a disposition on the part of recruits to do things scientifically and because an advanced system of training is available, was expressed by J. G. Stephenson, superintendent of ordinary agencies of the London Life in his address before the sales research bureau and agency officers in Chicago.

New men are in a more tractable frame of mind than they were in the boom days, he said. In 1927 and 28 recruits knew it all, he said, and shied from drudgery. Now they have lost their confidence of methods that were successful five years ago and are out to build anew and get down to fundamentals. If these men succeed, according to Mr. Stephenson, the more restless the old crowd becomes and the more anxious they are to adopt new and successful methods.

The agency executives, he said, are more willing to do the things that compel success—research, training and stimulation.

Recruiting Contests

The London Life, he said, requires every manager to write plans for his year's activities and objectives, including new business from old organization, business from agents contracted the year previous and expectations as to number of recruits and amount of new business from the new staff. Then the manager is kept advised of his progress. Recruiting contests have been held. Responsibility has been placed on the shoulders of managers and supervisors. They must bring in good men and train them to profitable production.

During 1932, he said, the London Life has contracted twice the number hired in 1929 to the same date. Production of new men is 17.65 percent of the total in 1932 as compared with 12.57 percent in 1929. Sixty-one percent of the London Life's staff has been contracted since Jan. 1, 1930.

The arguments that won sales when commodities were soaring have no place in present day salesmanship, he said. The public today is attracted toward insured income or toward creation of an estate with the least possible outlay to replace that which has been lost. These two demands, he pointed out, account for the marketing of either high or extremely low cost insurance. The days are gone, he said, when insurance was purchased because it is a good thing. Today it must cover a specific need.

The average established agent is waiting for the good old days, which will never come back, he said. The old agent does not realize that a permanent change has taken place and that he must change also. They must be galvanized into action to find an adequate supply of prospects and take heart and plunge into the job.

Attention has been taken from the ballyhoo of prosperity days, he said. People are no longer interested in risk, adventure, getting into stride with the future, great opportunities for vast gain, future opulence, future power, he said. The field is left almost entirely to life insurance agents, he said. The public was never so little badgered by competitors and the institution never enjoyed such prestige, he declared.

New Chairman



C. D. DEVLIN,
Toronto

C. D. Devlin, general superintendent of agents of the Confederation Life who has been vice chairman of the Association of Life Agency Officers executive committee was chosen chairman at the annual meeting in Chicago this week.

Dividend Scale Is Maintained

Provident Mutual Directors Find Several Encouraging Basic Factors in Economic Conditions

The directors of the Provident Mutual have decided to continue the present scale of policyholder dividends unchanged for the first half of 1933, with provisional continuance on the same basis for the remainder of the year, leaving final decision to be made prior to July 1. This decision maintains the net cost of insurance on life and endowment plans adopted in 1928.

The board's action resulted from the company's substantial surplus and improvement in many basic economic factors throughout the country. Among the factors favorably affecting general conditions, according to President Linton, were the strengthening of security prices, the wholesome affect of the Reconstruction Finance Corporation upon the country's financial structure, and the sound stand taken by both major parties on the question of currency.

R. B. Richardson Advanced

R. B. Richardson, who since January, 1928, has been actuary of the Montana Life, is elected vice-president and actuary. He fills the vacancy created by the death of T. B. Miller, director since 1919 and vice-president since 1929.

E. T. Wells General Agent

E. T. Wells has been appointed general agent of the National Life of Vermont in New York City, succeeding Wells, Meissel & Peyser, of which he was a member until its dissolution a short time ago. P. F. Hodes, formerly brokerage manager of the agency, has been appointed assistant general agent. Mr. Hodes was formerly with the Columbian National Life in New York City, having joined the National Life in January, 1931. He is president of the New York City Brokerage Managers' Association.

W. L. Meissel will continue with the company. He will devote his time to his large personal clientele and to the formation of an agency unit. P. A. Peyser is now a unit manager of the Keane-Patterson agency of the Massachusetts Mutual Life in New York City.

Strict Selection, Intensive Training of New Men Used

QUICK PRODUCTION METHODS

Chicago Supervisors Association in Round Table Discussion Develops Many Valuable Contributions

Much more careful selection of new men and intensive effort to get them into immediate production, are two essentials of the management of an agency today, it was emphasized in a round table discussion at the October meeting of the Life Agency Supervisors Association of Chicago. A number of offices, rather than attempting to cram new agents full of masses of information, are teaching them the barest fundamentals and sending them out with plans which have been proved successful in closing business quickly. Some Chicago agencies are sending new men out with older agents rather than with supervisors.

There was a general opinion that an effective method of putting a new agent over the "hump" is the so-called trial or optional policy method. Most companies require signed applications, the agent agreeing that the applicant is not bound to take the policy unless he desires. A few, however, assist agents by issuing without the signed application.

High Proportion of Sales

A method found most effective by one office, it was said, is to send the new man out to extract the information necessary for issuance of the policy, a trained man being sent to deliver the contract. The thought is that if the agent has not enough ability to get the desired information by asking for it in a dignified and intelligent way, he has little if any chance of ever getting a check. One supervisor was of the opinion that two-thirds of such cases could be paid for, if not by the new agents, at least by supervisors or older men.

Another agency teaches new men only one contract, stressing family income, old age and trust service. One agency trains its new men three weeks and then sends them out under skilled supervision. Another keeps a new man in the office three days learning fundamentals and making out a list of his friends and possible prospects.

Many Applicants Rejected

That agency selection is strict in many Chicago offices is evidenced by the fact that one agency selected only 22 of 762 men interviewed in the last year. It has a set requirement that the man must not be "trying" the life insurance business, but must be determined to stick in it. New men are trained ten days. The men are given a kit and are helped to pick out an easy line of attack, such as a \$10 annuity, to get quick money. If the new man has not made headway within four days he is sent out with a supervisor.

Time control, both of new and older men, is important, in the opinion of one supervisor who finds business can be secured if sufficient effort is put in. This supervisor said his agency had been accused of driving its men, but it is considered this is for the benefit of the men.

An excellent method of approach for new men was given by the supervisor for a large agency. New men are given a quick working knowledge of the fundamentals of life insurance and then kept busy making a list of friends. They are then sent out to these friends to ask where they might be able to sell some life insurance. This indirect approach often succeeds. At any rate the friends are sufficiently interested to give the names of likely prospects. The question of a letter sent to friends, notifying them of the new man's entrance into the life business, was discussed. Some supervisors considered this a good step, whereas others were of the opinion personal calls are better.

Standardization Methods Before Medical Directors

MUCH INTEREST IN SUBJECT

Dr. H. C. Scadding Was Elected President of the Organization at Its New York Meeting

OFFICERS ELECTED

President—Dr. H. Crawford Scadding, Canada Life.
First Vice-President—Dr. Robert A. Fraser, New York Life.
Second Vice-President—Dr. F. L. Wells, Equitable Life of Iowa.
Secretary—Dr. E. G. Lewis, Prudential.
Treasurer—Dr. A. O. Jimenis, Metropolitan Life.
Editor—E. B. Scholz, Penn Mutual Life.
Members of Council—Dr. C. T. Brown, Prudential; Dr. G. H. Shaw, Travelers; Dr. E. F. Russell, Mutual Life of New York; Dr. Ross Huston, Bankers Life of Iowa; Dr. H. M. Frost, New England Mutual Life.

Now that electrocardiograms and X-rays have taken a recognized place in medical selection, the problem of standardized technique in making examinations and standardized interpretations in assaying their results has come to the fore as a topic of importance to medical directors of life companies. Great interest was shown in these subjects at the annual meeting of the Association of Life Insurance Medical Directors.

In his paper on "Procedures for Handling of X-ray and Electrocardiographic Examinations," Dr. H. H. Fellows, assistant medical director Metropolitan Life, stressed this need of accuracy and standardization in the handling of these examinations. He listed indications in electrocardiographic tracings and X-ray examinations, classifying them as to favorable, unfavorable and questionable.

Valuable Papers Read

The importance of this latter class of cardiographic abnormalities is not yet known, and can only be determined by keeping future records. The work should be begun immediately, Dr. Fellows said. The Metropolitan Life has been doing it for the past two and one-half years.

Dr. Charles Nichols of the Penn Mutual Life, in his paper on enlargement of the heart, stressed the importance of having technically correct X-ray films and of having in each home office trained men who know the general principles of radiological projection to interpret the films.

Death of Dr. Gordon Wilson

The exhibit of electrocardiographic tracings and X-ray films attracted much interest. It showed not only how these tests had enabled companies to reject applicants who would otherwise have been accepted but also many cases in which it had been possible to accept applicants who, on the basis of the ordinary medical examination, would have been declined.

Members were saddened by the sudden death of Dr. Gordon Wilson, medical director of the Maryland Life, on the day previous to the opening of the convention. Dr. Wilson was well known as an authority on heart diseases. He had read a number of papers before the association and was active in discussion.

Guardian Life's Denver Appointee

The Guardian Life has announced the appointment of T. G. Herbert as manager at Denver.

He has been active in the business at Boulder, Col., since 1924. He served there as district manager for the Manhattan Life for three years, and for the Mutual Life of New York for the past five years.

The A. B. C.

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AT the recent annual meeting of the Insurance Advertising Conference, P. L. Thomson, president of the Audit Bureau of Circulations, said that only eight insurance publications are members of the A. B. C. There are altogether some 56 insurance papers published weekly, monthly and semi-monthly. Concerning this state of affairs in the insurance publishing field Mr. Thomson remarked:

"You thus have a fair basis of comparing these eight papers with each, but no satisfactory basis to compare any paper outside the bureau with any of the eight that are in it.

"Situations like that in other industries have been corrected. Offhand, it would seem to me that in the insurance field the solution of the problem is in your own hands".

We are 100 percent in agreement with Mr. Thomson.

Insurance companies, in contracting for advertising, should know just what they are going to get for their money. When they deal with A. B. C. papers they do know.

The National Underwriter was the first insurance paper to join the A. B. C. Today it is the only weekly insurance newspaper that is a member. It will continue its A. B. C. affiliation.

We do not say that we have "quality" circulation, nor do we generalize about it by assuring you that it is "adequate". We simply hand you an A. B. C. statement which shows you just where our circulation is and the extent of it and enables you to decide for yourself the value of what we have to offer. In brief, we enable you to buy advertising on the same businesslike basis that you buy everything else.

(Number 23 of a series devoted to the merits of National Underwriter advertising)

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The National Underwriter

The leading weekly insurance newspaper

E. J. WOHLGEMUTH
President



C. M. CARTWRIGHT
Managing Editor

Changes Anticipated in Nonparticipating Rates

MARK EARLY ANNOUNCEMENT

Companies Are Growing More Conservative and Are Shaping Up Their Practices Accordingly

NEW YORK, Nov. 3.—The Travelers has informed its field forces that on Jan. 1 it will increase its rates on life policies. The increase will average about 4 percent but practically all of the increase will be at age 40 and over.

Increases in surrender charges also will go into effect at that time, and the suicide contestable period will be lengthened to two years. While other non-participating companies have not yet made known their decisions it is believed that a number will also increase their rates.

NEW YORK, Nov. 3.—It is generally understood throughout the east that some of the larger companies writing nonparticipating policies will make an

important announcement in a few days. In fact, it is known that one of the more aggressive offices has already sent a warning to its managers advising them of contemplated changes. So far as can be learned there will be an increase in premiums especially at the older ages. Companies that do not have the two-year incontestable clause will adopt that. There may be higher surrender charges up to the tenth year. Actuaries are not yet decided whether companies that have already increased their charges have gone far enough. In fact, a number of officials declare that still higher charges will have to be made. It is also understood that the rate of interest on proceeds left with companies will be somewhat decreased. Company officials realize that more conservatism will have to be adopted.

Jones Addresses Chicago Supervisors Association

Frank L. Jones, vice-president of the Equitable of New York, and chairman of a committee which has been studying the question of replacement of business, gave results of the survey at a special luncheon of the Chicago Life Agency Supervisors Association held Wednesday.

Union Central's Mechanized Selling Program Explained

JEROME CLARK TELLS PLAN

Agency Officers Hear Details of Scheme to Help New and Old Men and Managers

Jerome Clark, vice-president of the Union Central, in a paper read at the meeting of the Sales Research Bureau and Life Agency Officers, explained the principles of his company's so-called mechanized selling plan which is designed to open new markets for the old organization, give the old agent a contact with this market, to deal effectively with new prospects, to attract into the organization the right men without financing, to get those men into production quickly and to be workable within the limits of the time at the disposal of the manager. Mr. Clark's paper was read in his absence, as he was called to Denver by the death of General Agent Hodnette.

There is an elaborate presentation book to guide the interview with a pros-

pective agent. At the proper point, there is a pocket containing a copy of the visual presentation of a policy in the mechanized selling plan. The manager goes through the sales talk, which undertakes to remove confusion from the mind of the prospective agent and make life insurance tangible. Then, the agent is shown a portfolio sales kit, the visual presentation book, literature in support of the plan and instruction book, showing how prospects are secured and handled and the full details of selling talk and plan.

Gets Out in Four Days

An attempt is made to put the recruit on the street in four days. There is a manual under which the manager can conduct the course. It requires about two hours a day. The remainder of the time is spent by the agent in study and in preparing certain assignments. There is complete concentration on the sales plan to the exclusion of everything else and the new agent is able to make a good impression from the outset.

The sales plan is non-competitive and needs no figures except the rate. "We have gone as far as we could to make life insurance tangible and to take some of this tangible article, wrap it up in a package, tie a string around it and merchandise it," Mr. Clark said.

Agents' training is conducted by the case system in handling the problems which the interviews develop.

Under the plan, according to Mr. Clark, enough recruits have been obtained without financing and they are put into production quickly.

In stimulating the older men in the organization, Mr. Clark said that attention was focused on insurance needs which they had not attempted heretofore to emphasize. The prospecting and preapproach plans for the new men are adaptable for the old, he said. After the old man begins to contact new prospects the situation has many points in common with the new man. The trouble is that agents of many years' experience are likely to regard any departure from the selling rut as "theory." No attempt has been made to force old agents into the mechanized selling plan but indirect stimulation has been used by success stories in the house organ, contests on the mechanized plan and by the grape vine route.

With the unified selling plan, according to Mr. Clark, the manager is able to give close personal supervision to the agent's daily report, to check on what the agent did yesterday and plan for today without spending too much time. Most daily report systems, he said, fall down because too much time is required to discuss the cases. Time is cut down when the routine has been clearly established.

Effect of Advertising Campaign

In addition, the Union Central is engaged in a national advertising campaign which has had a beneficial effect on the mechanized selling plan, he said. It helps bring in new men and the interview with a new man is built around copies of the advertisements which are set out in the presentation book. Support is given to old and new men in leads and breaking down resistance and it serves the manager by sustaining interest and enthusiasm and helping him maintain concentration on the plan.

Mr. Clark said that the old men are paralyzed. They are trying to sell inflation era life insurance to deflation era pocket books. They have forgotten how to prospect cold canvass and the sales methods suitable for hand picked clientele are too expensive to use effectively with a new group they are seeking. Furthermore, the old agent finds much of his time consumed in servicing his old business and keeping it in force.

The trouble with new agents is, he said, that most of them are in precarious financial condition and need financing. And the new man cannot earn a living unless he is prepared to weather a much longer apprenticeship than was necessary before.



Great Salesmen of History



ALFRED THE GREAT

"HE was the wisest, best and greatest King that ever reigned in England!" So it is chronicled of Alfred the Great.

Disguised as a minstrel, Alfred invaded the enemy camps to spy on their strength. Armed with the information thus gained he returned, rallied his demoralized forces, and in a series of brilliant battles decisively defeated the Danes and drove them out of the kingdom.

A most noteworthy feature of Alfred's character was his zeal for learning. He established schools and labored himself as a scholar and teacher. Asser, Erigena and other noted schoolmen of the day were invited to his court. He collected and revised the laws, encouraged industry, and is credited with the construction of England's first fleet.

His inspired achievements make his place in history everlastingly secure.



ROYAL UNION LIFE INSURANCE COMPANY

A. C. TUCKER
Chairman of the Board

J. J. SHAMBAUGH
President
DES MOINES, IOWA

Application of Budget to Production Is Advocated

G. FAY DAVIES GIVES VIEWS

Bureau Man Tells How to Cut Expenses by Laying Out Program for Year

Greater application of the budget system in production was advocated by G. Fay Davies of the sales research bureau before the agency officers and bureau members in Chicago, as a method of reducing expenses. He said that reduction of cost is paramount because of the fact that now while commodity prices are decreasing the price of life insurance is going up. There is a limit to the increases which could be made in cost without greatly increasing the sales problem, he said.

How to Cut Expenses

To cut expenses by budgeting, he said, production forecasts must be made for the agencies, based on information about each man in the agency. Then an estimate must be made of the new man-power which the company expects to add during the year and the amount of business that can be expected from it. In that way, a total of the expected business may be arrived at. Likewise, there should be an analysis of the type of business expected, average size of policy, amount of endowment and term, etc. Forecast should be made of the expense expected to be incurred in securing this business on the basis of managerial salaries, office leases and commissions. By-products will be comparisons that will result between general agents. The foundation of the process is in suitable records. Expected termination and the requirement for reserve increases should be estimated.

After the estimate is prepared revisions may be necessary. Then it becomes the approved budget for the year. Every executive must carry out cooperatively the task delegated to him. There must be periodic comparisons of actual results.

The unit cost of delivering policies may be calculated and any practices which tend to increase that cost may be detected such as sending policies on approval. Finally, the executives can determine what the objective should be.

Research Chief



J. M. HOLCOMBE, JR.

John Marshall Holcombe, Jr., is manager of the Life Insurance Sales Research Bureau and secretary of the association of Life Agency Officers, which are meeting in Chicago this week.

Cooperative Responsibility Should Be Main Objective

TALK IS MADE BY V. R. SMITH

Confederation Life General Manager Points Out the Distinct Advantage of Budgetary Control

V. R. Smith of Toronto, general manager and actuary of the Confederation Life, in speaking before the Life Agency Officers Association, in Chicago this week on "Management—A Cooperative Responsibility," held that the primary responsibility upon an executive is not merely low net cost but the maintenance of the safety and security of funds so that obligations to policyholders and beneficiaries will be paid promptly. Mr. Smith said that a careful analysis should be made of expense items to ascertain what reductions can be made. Perhaps more modern systems of cost accounting can be established. It may be found that a company has gotten into extravagant ways in securing business and that too lavish service is being offered. Mr. Smith in answering the question, "What is the ideal objective of a life insurance company," made this answer: "To render a sound life insurance service of safety and security, with a certainty of prompt payment of claims, to the maximum number of persons possible, at a reasonably moderate net cost."

Should Get Coordinated Cooperation

The ideal objective, he said, does contemplate offering an excellent service to satisfied policyholders at a reasonable and generally accepted net cost.

He said that this objective can be realized by obtaining from the various branches of the business fully coordinated cooperation. This cooperation, he said, can be obtained and maintained by a system of budgetary control, or as it is known in professional accounting circles, control through standard costing. It presupposes the existence of a modern system of cost accounting. He said the most important feature involved in budgetary control is the comparison of actual accomplishments with anticipated program and the discussion with those responsible on the results of such comparison.

In preparing such a budget, he said, the first step should be the formation of a budget committee responsible to the chief executive officer and composed of senior members of the various important branches of the business. Such committee should be empowered to obtain from each department estimates or budgets of sales of new business, lapses and surrenders, premium income (first year and renewal), mortality costs, interest earnings, investment losses, cost of new development, estimates of agency expenses other than commissions, and the overhead cost of head and branch offices. He said the committee will be better qualified to make an estimate of future results if it has a broad knowledge of general business trends and a background of world-wide economic conditions affecting price levels, wage levels, sales territories and agricultural, industrial, commercial and financial data, which may have a bearing on the company's business operations.

Mr. Smith said that if the net profits exceed or fail to measure up to anticipation, then the reason and the causes can be analyzed and the responsibility can be placed directly where it belongs. The expenditures proposed by the various departments can be fully considered before they are incurred.

The budget, he said, affords a basis for administrative or executive control, direction of sales effort, determination of financial requirements, maintaining a satisfactory liquid position, development of personnel, control and reduction of expenses, control and reduction of mortality costs and elimination of waste.



Dear Fred:

"LOCAL BOY MAKES GOOD!" That's me, Fred; I've just taken a big leap up the ladder, and I'm waving my hat! Here's how it happened, play-by-play:

I ambled into the U. C. L. office the other day and bumped into Pete Reynolds, who used to room with Lefty over in 34B. Remember him? He seemed awfully glad to see me—thought for a minute I was in the market for a policy. I put him straight, and then he asked me if I'd ever thought of selling. He told me he was on the lookout for new agents, so I followed him into his office—just to humor him.

Well, Pete hauled out a big book they have and proceeded to "give me the works". I knew that selling—least of all in intangibles—wasn't in my line, but I sure wished I *could* sell by the time Pete got started on the Union Central set-up! He showed me how they started back when our grandfathers were children, and the financial statement looked like the ones you used to read about before prosperity hid around the corner.

Of course, I told him I was just a plain, unadulterated greenhorn in the selling racket, but he laughed at me.

"Shoot, Sam", he said, "you could sell like a veteran with U. C. L.'s new system. Look at this a minute."

Boy, he opened my eyes. It seems that U. C. L. borrowed an idea from *real merchandisers* and applied it to themselves. I can't give you all the dope, but here's a hint: we sell insurance the same way you sell your beloved iceboxes.

Did you notice that "we"? Yes, I bit. That scheme looked so fool-proof I thought even I could sell, and I started with U. C. L. two weeks ago. Am I sorry? I've already written two policies and made more money than I used to, hanging over a desk all day.

But I've got to clear for action. Give Freddy a playful poke for me; I'm coming up soon to write you an Education Policy for him. Sez me! Don't button up your resistance, you old Buzzard, because you'll take it and like it when I open up with that new method!

YOUR OLD ROOMMATE,

Sam



THE UNION CENTRAL
LIFE INSURANCE COMPANY

>> CINCINNATI <<

Much Opposition Is Found to Moratorium Measure

PROPOSED IN NORTH DAKOTA

If Passed Would Delay Payment of Existing Indebtedness for Three-Year Period

FARGO, N. D., Nov. 2.—North Dakota voters are much interested in the proposition that will be on their ballot next Tuesday as an initiated measure for a partial moratorium on all existing indebtedness for a period of three years. If this measure is approved the law will become effective Dec. 8. A similar proposition was put before the voters last spring but was defeated. There is much opposition found throughout the state and it seems likely that the proposed law will be defeated again.

Much Opposition Is Found

The Citizens Protective League, a state-wide body, is fighting the measure vigorously, stating that if adopted it will throttle credit and with some \$20,-

000,000 to \$25,000,000 back taxes suspended, the market for state and municipal bonds will be wiped out, school districts will be unable to sell certificates of indebtedness and business will be vitally affected by the suspension of millions of personal accounts. While local agents and field men have been urged by business interests and by the league to use their good offices against the measure, evidently home offices have discouraged any active campaign by their representatives. It was thought that with insurance people opposing the bill, it would prejudice the people and create favor for it.

If the proposed act becomes a law the life companies would be particularly affected as they own thousands of mortgages on North Dakota property.

Cincinnati Students Enrolled

The University of Cincinnati has 81 students enrolled this year in its life insurance course. This course is part of a three years' study which if successfully completed entitles the student to the C. L. U. degree. An examination may be taken each year covering the work of that year and when the third year's examination has been taken successfully, the degree is won.

Contest Business Shows Remarkably High Persistency

The conclusion that contests, properly conducted, are wholesome and produce a good grade of business was reached in an investigation of 12 companies, it was reported at the joint meeting in Chicago of the Association of Life Agency Officers and Research Bureau by L. J. Doolin of the bureau staff.

The cooperating companies were the American Central, American Life of Denver, Business Men's Assurance, Central Life of Iowa, Dominion Life, Fidelity Mutual, London Life, National Fidelity, North American Life of Chicago, Oregon Mutual, Peoria Life and Protective Life.

The lessons to be learned from the survey, according to Mr. Doolin, are that there are advantages in contests aside from the production of business; good business can be secured through contests; stimulation should be directed at the correct target; contests should be conducted on a paid for basis; annual

premium business should be stressed on credit should be given on a pro rata basis rather than face amount; sale of permanent policy forms should be promoted and no credit should be given for term insurance unless sold on the annual premium plan.

Contests, he said, take the minds of men from their troubles, reveal the best in salesmen, promote group and competitive spirit and have an educational value.

On the other hand an atmosphere of excitement and unhealthy sales practices may be created. There is a tendency toward high pressure selling and overselling; bad credit risks are likely to be assumed and there is a natural let-down after the contest.

The surprising feature of the survey, Mr. Doolin said, was that the contest business stayed in force better than the regular business for the first two years and at the end of two and one-half years persistency rates were the same. This is accounted for, he said, because 95 percent of the contest business was on permanent plans of insurance, 78 percent was on the annual premium plan and eight of the 12 contests were conducted on a paid-for business basis. "Paid-for annual premium business on permanent policy plans," he said, "can be secured in a contest and it should receive a preference over written business or number of applications."

Protective Life Is Promoted

New Company Is in Process of Organization in New York City

NEW YORK, Nov. 3.—Notice of intention to incorporate a new life company, to be called the Protective Life, has been filed here by a group of prominent business men headed by C. F. Tuttle, former member of the R. G. Dun statistical firm, who will be its head. It will be a stock company but it has not yet been decided whether participating or non-participating business will be written. Stock will not be offered publicly at first but may be later on if the directors decide to. No definite amount of capital and surplus has as yet been determined upon.

The minimum under the New York insurance law is \$100,000 capital and \$50,000 surplus, and somewhat higher if disability is written. The practice of companies starting out in recent years has been to begin business with considerably larger amounts than the minimum however.

The Protective Life will confine its operations to the eastern states at first. As the organization is still in its early stages it is expected that it will be several months at least before it engages actively in the selling of insurance.

Mr. Tuttle, as member and trustee in the Dun firm, has had ample opportunity to compare the stability of life insurance with other businesses and is enthusiastic over the prospects it presents for the future, as is shown by his active share in the formation of the new company. He will devote his full time to it as president. He is also a member of the Brooklyn executive committee of the Bank of Manhattan Trust Company.

Vote on North Carolina Measure

ASHEVILLE, N. C., Nov. 3.—An amendment to the North Carolina constitution will be voted on Nov. 8, throwing protection from creditors of the assured around the proceeds of life policies, taken out for the sole benefit of wives and children.

The amendment applies to that section of the constitution which now affords this protection to proceeds of such policies after falling into the hands of widows and children. This protection is retained in the new amendment but is also extended to wives and children by providing that the cash value of such policies is not subject to attachment by creditors of the insured even during his lifetime.

PRESIDENT ARNOLD'S LETTER TO NWNL FIELDMEN, OCTOBER 7, 1932

To Northwestern National Fieldmen:

The time is approaching when a great many able and industrious men, dissatisfied with their present status, will be seeking a change for the better. Some far-seeing individuals have already decided that, with the worst of the hard times past, now is a good time to get into the life insurance business.

Opportunity will not have to knock twice at the doors of such men, and that institution which makes the strongest appeal to the ambitious, high class individual will profit most in this period of change. Like appeals to like, and men of character and initiative will demand that their connection not only be one possessing all the attributes of quality, but also that it will enable them to cash in to the fullest degree on the opportunities which the golden future of the business will present.

NWNL has always attracted good men, who place a high value on those bed-rock principles for which NWNL stands—impregnable security, the result of competent, experienced management; progressiveness, testified to by its splendid growth; and a fair and square agency policy. As a result, there is no finer agency organization in the country than NWNL's, and a connection with this Company is everywhere recognized as a valuable franchise.

The steadfastness with which NWNL has met the onset of the economic depression, now happily receding, has still further heightened the regard of those best qualified to judge the excellence of a life insurance company, and has firmly established it as a "quality" institution in the minds of the insurance fraternity generally.

As NWNL representatives, you are especially well qualified to spread the gospel to men who are looking ahead that they will make no mistake in identifying their futures with NWNL's.

Yours truly,

O. J. Arnold
President.

A man is known by the Company he keeps.



NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY
O. J. ARNOLD, President
STRONG - Minneapolis, Minn. - LIBERAL

47th
YEAR

Surplus Not Drawn on by New Industrial Business

COMMISSION EXPENSE LIGHT

Operation of Debit System Gives Industrial Companies Advantage in These Days

One explanation of why the industrial companies are showing better results than the ordinary carriers is the operation of the debit system in industrial insurance.

Whereas commissions must be paid by the ordinary companies on new business—business, which in the aggregate is only offsetting lapsed business—the industrial companies are not compelled to pay commission on much of their new business today. Since surplus must be drawn upon to take care of the expenses of business the first year, the industrial companies are benefiting substantially because they do not have to pay commissions on this business.

How Debit Operates

An industrial agent is given a debit of say \$200. He is compensated for collecting that debit and gets a commission on business in excess of the debit, but under present conditions, with business lapsing to such an extent the industrial agent is for the most part selling business to keep his debit at par and rarely gets into the plus column upon which a commission is paid. In other words, the commission on lapsed business is charged against the commission on new business. That system seems to inspire greater industry on the part of industrial men. If applied in the ordinary field, it would certainly cause the agents to stir their stumps. Likewise, it is probably true, that if this system were not in effect in the industrial field, that business would flow off the books much more rapidly than does ordinary business. If the industrial agent were given commissions on new business and commissions on lapsed business were not charged against him, he would naturally let the old business fade away.

Some of the industrial companies have found it necessary, in view of current conditions, to wipe the slate clean for the agents, writing off the debit for lapses and letting the men start from scratch.

This feature of the industrial business safeguards surplus in times like this, as new insurance is placed without heavy acquisition cost.

Need Complete Selling Plan

Agency executives up and down the line must assume command in the emergency today, supervising sales activities down to the detail, according to a well conceived plan. This was the advice of S. G. Dickinson of the sales research bureau's staff in his talk before the agency officers and research bureau in Chicago. Heretofore, most agency executives, he said, have passed the word along that a certain volume is desired without supervising the activity to produce that volume. That process, however, is not effective in bad times.

Overwhelmed by Detail

Mr. Dickinson described some of the methods of production executives, which, he said, are unsuccessful today. There is the hands off policy, wherein the direction of the agency force is left pretty much to general agents or managers. This, according to Mr. Dickinson, does not meet today's problems.

There are the administrators, upon whom the depression has thrown extra office work, who perhaps are busy tracing twisters and are not able to give attention to new production. There are those with lack of knowledge who came into their positions during good times,

Life Insurance Is "Depression Proof" Says Julius Klein

WASHINGTON, D. C., Nov. 3.—Life insurance is a "depression-proof institution" constituting one of our mightiest reservoirs of economic power and one of the elements of our economic strength upon which will be based our fight for recovery, according to Dr. Julius Klein, Assistant Secretary of Commerce. The important part played by life insurance in all types of activity was outlined by Dr. Klein in his weekly coast-to-coast radio talk over the Columbia broadcasting system.

Insurance Solidity Stressed

The solidity of the life companies, Dr. Klein asserted, is one of the fundamental reasons of its importance in our financial and economic life. "In the last half century, with all of the ups and downs of business in that time, including the appalling crises of the '90s and of the 1930s, there has not been a single major failure in the insurance business. There have, of course, been weak companies, but through the tireless watchfulness of our insurance commissioners the impairment of their reserves has always been detected before actual failure and, under authority of law, in each case the proper state officer has assumed charge of the affairs of the company for the protection of the policyholders."

Reinsurance Group Meets

Officials of several companies which have a reinsurance organization of their own held a conference in Chicago this week in connection with the meeting of life agency officers. The companies are the Southland Life, Volunteer State, State Life of Indiana, Northwestern National, Atlantic Life, Minnesota Mutual and Pan-American Life.

Might Eliminate Death Benefits

L. J. Doolin of the Sales Research Bureau staff caused much mirth in the preface to his address before the joint meeting of the Association of Life Agency Officers and Sales Research Bureau in Chicago when he said: "The companies got together and eliminated disability. Now there is agitation to increase surrender charges. If that is accomplished the only thing left will be to eliminate death benefits."

and do nothing, and there are those who resort to high pressure, drives, contests, etc., which do not have permanent value. Then there are those who have met the problem half way but have not introduced a complete program.

It is idle, according to Mr. Dickinson, to wait for better times. Improvement must come internally. A complete sales plan, not an accumulation of detached sales ideas, is needed. The plan must be developed to meet the problem of the old men, who are not calling on enough people, on the right people and are not saying the right things. Agents need talks that sell life insurance instead of describe it. The plan must comprehend work, prospecting and sales talks. This is a good time, he said, to do a certain amount of quality recruiting and training. More men are available now than ever before and the problem is to increase the quality, often while diminishing quantity.

The plans should be clear, simple and well introduced so that managers and agents can see themselves doing the job that they are asked to do. The consequences of the depression are not so much to be feared, he said, as disintegration of the present agency forces.



The Metropolitan
had almost ...
45 million ...
policies in force,
including Group
certificates,
at the end
of 1931.



METROPOLITAN LIFE
INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT ONE MADISON AVE., NEW YORK, N. Y.



Blame Tax Boost for Dividend Cuts

(CONTINUED FROM PAGE 3)

nent companies doing business in New York State the proportion of federal taxes is from 20 to 25 percent, although for some with large holdings in non-taxable securities the percentage is very much lower.

While life companies as a group will be taxed 65 percent more by the federal government than last year, other businesses will be taxed only 14.5 percent more. This difference arises from the fact that while life companies, in common with other corporations, will have to pay 13 3/4 percent on their net taxable incomes instead of 12 percent, the life companies are additionally burdened by having the method of computation for their taxes changed. This change ac-

counts for the difference between 14.5 percent and 65 percent.

In the procedure under the old law the tax was ascertained by taking the gross investment income, making a series of deductions, the principal of which was an amount equal to 4 percent of the reserve. Whatever interest income exceeded these deductions was taxable at 12 percent.

Doubles Taxable Income

Under the new law this principal deduction is fixed at 3 3/4 percent of the reserve instead of 4 percent, with the proviso that any business on a 4 percent reserve basis may use the 4 percent deduction. This difference of one-quarter of 1 percent in addition to the higher tax rate of 13 3/4 percent is sufficient, in many cases, more than to double the amount taxable as income.

This change in the computation arose largely from the fact that the federal government found much of the income tax it had expected to collect from the

life companies was exempted by the National Life decision. This decree, given several years ago by the United States Supreme Court, removed the obligation to pay income taxes on tax-free securities. As the supreme court decision is of course final, the only way to secure increased revenue from the life companies was to alter the basis of computing the tax.

LEROY LINCOLN'S VIEWS

Taxes purporting to be on life insurance companies are fair examples of those indirect taxes ostensibly levied against a big corporation but actually paid by the individual policyholders, Leroy A. Lincoln, vice-president and general counsel of the Metropolitan Life, declared in a radio broadcast under the auspices of the American Taxpayers League.

Mr. Lincoln pointed out the policyholder pays his tax with every remittance to his company, but there is no separate bill for this item to remind him of the fact. In every state, save one, a percentage of every premium must be paid by the company into the treasury of the state by way of a tax. There are also other license taxes and fees and the federal income tax.

Policyholders' Burden

"These taxes," Mr. Lincoln said, "must, in the last analysis, be borne by the policyholder, as reflected in the cost of his insurance. Tax a life insurance company \$100,000 in your state and those of you who have policies in that company will have to stand that tax bill either in increased premiums or decreased dividends in your policies."

Would Strengthen the Foundations

(CONTINUED FROM PAGE 1)

search Bureau," said Mr. Linton. "It has been of immense value and its value will be even greater in the days to come."

The bureau, said Mr. Linton, has developed more fully than anyone else the analysis of agency costs and profits, throwing light upon the things that make for efficiency and sound management.

"I share what I know is the conviction of many others, that we must get closer and closer to fundamentals in our agency building. More and more must we choose as agency heads men who know how to select and train agents to be successful producers," he declared.

Turning to the second point in his talk, Mr. Linton said that the substitution of business is a thorny problem. It is a complex, baffling subject, involving human factors, most difficult to control. He declared the basic method of agents' compensation causes much of the trouble. The scale of cash values, and in the case of participating companies, the scale of dividends also enter into the picture. He referred to the change in view that has already taken place in regard to cash values. Some companies have already reversed themselves and reduced their values until they are more in proportion to the "asset share" of the policyholders, that is, the equitable share of the assets arising out of the premiums received on a policy after paying commission, other acquisition costs, mortality charges, home officer overhead, etc.

Work Three Ways

Mr. Linton said that proper surrender values worked three ways in favor of the retention of old insurance. First, the net protection under the old policy is greater if the loan value is lower. Consequently the cost per unit of net protection is lower. Second, the amount of new replacement insurance must be larger and therefore the cost of such replacement is higher. Third, the lower cash values under the new contract affect ledger costs and in comparison with the old policy bear heavily upon

the policyholder during the early policy years when according to experience the rates of surrender are highest.

Dividends also, he said, have a bearing upon the problem of substitution. When a company strains to pay over-large dividends in the early policy years, the older policies do not receive the advantage of as large a dividend differential as would be the case if the dividends started out less ambitiously and increased at a more rapid rate in the later years.

"We are being driven by this depression to a realization that we should so arrange the values under our contracts that a policyholder cannot find it to his advantage financially to surrender an old policy, even when fully loaned," said Mr. Linton. He referred to some of the discussions on this subject at the recent meeting of the Actuarial Society in Ottawa. One point was that it may prove dangerous to have the misconception go abroad that it is advantageous for policyholders to drop outstanding insurance and take new insurance at the advanced age.

He pointed out that the substituted business is likely to have a high lapse rate because on the average the policyholders will be weak financially. Hence such business is not worth a full new commission. If a low commission is paid a certain amount of the replacement insurance will be presented as regular business to other companies. When it does not get by the medical examination it will be presented to the original company for the reduced commission since there is no medical examination. These selections thus exercised may cost the original company a lot of money in increased mortality.

Mr. Linton said there would appear to be no complete solution to the problem. However, he is coming to the belief that the first step is to make sure that the policyholders are informed of the losses involved in substitutions and where no loss can be shown it is clearly a red flag indicating the necessity of examining the actuarial basis of the contracts.

W. J. Donald Is Keynoter in Forum on Budgetary System

(CONTINUED FROM PAGE 2)

tary principles into agency operations. The group conferences scheduled for Wednesday afternoon were abandoned.

Between the speeches of Mr. Davis and Mr. Smith, Franklin B. Mead, Lincoln National Life, brought greetings from the Actuarial Society of America.

The last speaker of the day was Russell Thierbach, assistant superintendent of agents Northwestern Mutual Life, who was to have addressed the group conference of the larger companies. He reported on results of the training program instituted by the Northwestern Mutual.

At the dinner Tuesday night for alumni of the training schools, the speaker was Dr. Sam Stevens, professor of psychology, Northwestern University.

F. M. Feffer Tells Success of Agency Building Plan

F. M. Feffer, vice-president of the Abraham Lincoln Life, recited some of the accomplishments of his company under an organized plan of agency building in his address before the Life Agency Officers and Sales Research Bureau. The objective is to select a better class of general agents and to place in their hands an organized and logical plan of agency building, he said. The organized plan of agency development, he declared, was launched in one office as an experiment. The enthusiasm of the general agent was inspired. Four failures of the 14 agents were eliminated and the smaller group this year is producing more business. Three other agencies have adopted the plan.

it's **GOOD Business**
to ask a man for evidence of faith
it's **POOR Business**
to step on him when he's down

WE make CASH COLLECTIONS with each case, whether reinstating a lapsed policy or rewriting and redating a heavily loaned one, whenever such collection is possible. This year we have collected thousands of dollars of policy loans, paying our representatives a fee for their services and extra compensation when more than one-half of the next annual premium is collected on the case.

However, we have no iron-bound rule requiring a cash collection in every case, because it stands to reason that most policyholders would never lapse if they had the money to carry on a desired insurance program. Such a rule would cost you many policyholders who need only a little help with their pressing financial troubles and who will show you their appreciation next year at premium time.

If these policyholders are not given some assistance now, they will easily be persuaded to reinsure elsewhere when they have sufficient funds.

We do not permit rebating or trading merchandise, but we know that reserves may often be readjusted to the permanent benefit of the insured, the agent and the company.

Our renewal experiences covering 30 years with over seventy companies are substantial evidence of the soundness of our methods of

CONSERVATION and RECLAMATION



THE OTIS HANN COMPANY, Inc.

"LIFE INSURANCE SERVICE"

333 NORTH MICHIGAN AVENUE
CHICAGO

J. ROBERTS HANN, President

Bullock Urges Study of Need for Readjustment

(CONTINUED FROM PAGE 1)

should be rearranged to fit the earnings. If immediate action is not desired preparation should be made for future changes, he said.

Commissions are not immutable, Mr. Bullock said. After the Hughes investigation all companies operating in New York reduced their first year commissions 15 percent and production did not suffer.

Cooperation Is Essential

No company, he pointed out, will make any substantial rearrangement unless the other companies cooperate. Competitive conditions are largely responsible for failure to institute changes, he said.

Mr. Bullock led up to his discussion of commissions with an analysis of the persistency problem. The deflation, he said, is not the sole cause of the shrinking percentage in gain of insurance in force. Lapses and unnecessary surrenders began to be prevalent, he said, before the deflation.

"Some excellent companies," he said, "have evolved certain processes of replacement in connection with policies carrying loans." Undoubtedly Mr. Bullock was referring to the plan of re-writing loaned policies at the attained age without medical examination for the amount of the policy minus the loan. "There are some of us," he said, "who seriously disbelieve in these methods which seem to us almost deliberately to invite replacement." He said that such replacements seem to have a poor persistency; they do not stay replaced.

Result of Persistency Study

Mr. Bullock referred to recent findings that there has been too much bitter persistency among encumbered policies than was commonly expected. This was the conclusion of a conservation committee of the Life Officers Management Association, of which M. C. Terrill of the Phoenix Mutual was chairman. This is encouraging, Mr. Bullock said, and "should help further to steady the minds of all."

Any generally recognized readjustment scheme of encumbered policies, according to Mr. Bullock, is an invitation to a raid upon a substantial fraction of the insurance in force. There have been policy loans for more than 30 years, he said, and he expressed interest in what the situation would be today had these new methods of replacements been in effect during the 30 years. Of the claims settled by the State Mutual at death from 1920-29, 27.33 percent were encumbered by policy loans. This is further evidence, he said, that there is a better degree of persistency than is popularly supposed with policies in loans. Most companies, he said, have 20 to 30 percent of their policies encumbered.

Gives State Mutual Figures

Some agents, Mr. Bullock said, emphasize what they call this "great loss of protection" (the amount of the loan) "when they are leading up to some maneuver, delicate synonym for twist." The amount deducted by the State Mutual for loans at settlement has been only 6.43 percent of the face amount due. "Thus there remained 93½ percent of the full face of the protection originally contracted for although over a quarter of the policies settled remained loaned against at death and the face of the policies loaned on averaged but a little over one-fifth impaired."

Mr. Bullock said that 4.05 percent of the outstanding policy loan indebtedness in the State Mutual was paid off in cash during the distressful year of 1931. At that rate, he pointed out, in five years 20 percent of the particular policy loan indebtedness existing the first of last year would be cleared off by cash.

"Are we not permitting ourselves," he asked, "to have too many unwarranted inhibitions and fears concerning policy loans and their actual effect on persist-

ency?" The trouble is, he said, in part due to over-fearsome state of mind about loans in home office and field. Too much attention is focused on replacements.

Mr. Bullock commended the work of the companies cooperating on replacement under the leadership of Frank L. Jones. He suggested the agreement should be strengthened by providing for reducing first year commissions on replacements.

Much of the new business today is not new, he said, it is replacement business. "The published reports today of 'new business' are getting to be fine examples of modern fiction." There are many washed sales, he said.

Mr. Bullock expressed the opinion that an era of more stabilization—"Try to keep what we have and not reaching out too far and too fast"—is being approached.

Mr. Bullock concluded with some remarks about the position of the smaller companies, which, he said, are progressing. "Somehow," he said, "we seem snigger, more closely knit together both in home office and field with lots of joy in working together."

Later on he said, "It is not always for the best for a business to grow too big, perhaps even a life insurance company. Sooner or later every business may reach a point at which diminishing

capacities for efficient service to customers set in. Bureaucracy, with its slow motions and cold contacts, may creep into a private as well as public organizations. Some smaller companies can well use the motto 'Large enough to protect you, small enough to know you.'"

Morrison Suggests Cut Be Made in First Commission

(CONTINUED FROM PAGE 1)

dent upon persistency. The plan might be unjust for the deserving agent, who through no fault of his own, lost a large policy, Mr. Morrison pointed out. However, provision might be made that the lapse of no one policy should count against the agent for more than a certain amount.

The objection might be made that there would be a variation in annual income when these rates are applied to actual figures. Facts and considerations might require that the penalty be softened and the variations be leveled off. A 60 percent first year commission might be paid, charging 30 percent for terminations before the 11th year and renewals of 8 percent be paid.

Another plan is to give the agent an

amount of orphaned business, from which he receives a renewal commission or collection fee. He might or might not be charged with lapses. The salary, renewal commission or collection fee upon this business would afford a definite basis for financing new agents, he said. It would give an opportunity for earning while learning. If properly operated, the plan, he said, would reduce the overall commission cost and increase the average earnings of agents.

The problem of conservation exists largely because of the agents who take a purely material attitude and are out first of all to make money, he said. This has been to some extent the fault of executives, he said, because they have been hounding the agents for volume. The agent does not regard it as a crime to oversell a prospect or to sell, knowing that the chances of renewal are unfavorable. He finds that financial reward lies in new volume rather than in the maintenance of old business. He argues that there is a penalty for spending too much time on conservation.

Stratman Named Supervisor

H. G. Stratman, formerly with the Missouri State Life and later with the Atlantic Life, has been appointed special home office supervisor by the Business Men's Assurance.

HOME LIFE OF NEW YORK

III PENNSYLVANIA

IN the near future, and during the remaining weeks of 1932, the Home Life will consider establishing several new agencies in Pennsylvania.

In furtherance of our program of sound agency development, particular attention will be given to those cities which lie between the metropolitan centers or in themselves comprise substantial entities.

The method of establishing agencies in these cities, which we believe to be a practical one, is based on a modest beginning, grounded in a substantial personal production on the part

THE KEYSTONE STATE

of the General Agent, followed by the gradual addition of a limited group of high grade producers. We believe this method not only meets the financial necessities of the situation, but is the soundest possible procedure in meeting current conditions.

Along these lines, and as men who meet the requirements are available, the Home Life program goes forward.

On Agency Matters Address:
Cecil C. Fulton, Jr.
Superintendent of Agencies

HOME LIFE INSURANCE CO.
CITY HALL PARK — NEW YORK

Ethelbert Ide Low
Chairman of the Board
James A. Fulton
President

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Member Audit Bureau of Circulations

Legal Reserve System Upheld

ONE of the most far-reaching and enlightening decisions was rendered by Judge C. T. WARNER, Ohio superintendent of insurance, on a complaint brought by the OHIO ASSOCIATION OF LIFE UNDERWRITERS protesting against the licensing or continuing the licenses of five men who represent the PURE PROTECTION LIFE of Cleveland. The PURE PROTECTION LIFE is an assessment company and some of its agents were seeking to unseat legal reserve or investment policies.

The salient point made by Judge WARNER, which is highly significant, is that the state by statute requires legal reserve life companies to pay the assureds surrender and loan values, give extended and paid up insurance and other valuable options which are based on the fact that a fund is created through the reserve. This develops an equity for policyholders. People purchase life insurance as a rule, not from a pure protection standpoint or otherwise they would only buy one year term insurance. The investment feature in life insurance is the outgrowth of a great system and has proved to be in this time of stress a bulwark of millions of families. The state, therefore, has legalized and upheld what might be termed investment in contradistinction to pure protection insurance and therefore is in duty bound to protect investment forms.

However ingenious may be the arguments that the advocates of term or low priced insurance that gives protection with only a modicum of investment may be, the fact of the matter is that this country and Canada would have experienced a disaster of even more devastating proportions had it not been for the hundreds of thousands of life insurance policies carried that had an investment feature and therefore cash and surrender values could be used in time of stress.

There is a place for pure protection insurance. But there is a greater place for

protection linked up with investment.

Judge WARNER calls attention to the fact that the law of his state makes provision for assessment companies to write policies which do not carry the standard provisions of legal reserve insurance. Hence a lower premium rate is charged for what might be termed protection without much or any investment. Judge WARNER says, "This feature and the financial depression manifestly had much to do with unfair competition and twisting of insurance which has caused complaints to be filed with the insurance department of a state."

The method followed by the agents complained of was to attack legal reserve policies regardless of the nature and character of the investment. They would seek to have people surrender these policies and take insurance with them which is of the purely protective type. Judge WARNER points out they attempted to discredit the old line, legal reserve system. He was convinced of misrepresentation of the truth in the endeavor to change over the insurance.

The Ohio department decision is of major consequence and the principle enunciated might well be used by all departments. Certainly this is no time to permit attacks on a system of saving and safeguard that has proved more useful and secure than any other that has been devised. The state is right in upholding the legal reserve system and protecting it against unfair and malicious attacks. The assessment plan is equally licensed by the state, but agents must adhere to the truth in dealing with such an important matter as the protection of widows and children.

THERE is nothing that causes a person to become so soft and flabby as doing nothing. Bodily exercise is necessary to keep the organs functioning properly. The thinking part of one's being needs exercise as well.

PERSONAL SIDE OF BUSINESS

Guy W. Cox, vice-president and general counsel for the John Hancock, has been appointed a trustee of Boston university.

Charles M. Biscay, advertising manager of the Western & Southern Life, addressed the fourth anniversary dinner of the "Fine Arts Journal" Nov. 1 at Cincinnati.

O. J. Arnold, president of the Northwestern National Life, was guest of honor at a birthday luncheon tendered him by the Nonalico Club, composed of the 350 home office employees. Mr. Arnold is completing his seventh year as president of the company. The luncheon also honored Will H. Bowen, assistant secretary, who entered the company's service 26 years ago as a messenger boy. Mr. Bowen was presented with a solid silver coffee service. T. H. Cummings, manager of the Detroit agency, who was present at the luncheon, emphasized that under Mr. Arnold's direction the company has attained national distinction and a reputation for stability and security. E. M. Heum, president of the Nonalico Club, acted as toastmaster.

Penn Mutual agencies will devote November and December to a production commemoration of the tenth anniversary of President W. A. Law's accession. He resigned the presidency of the First National Bank of Philadelphia to assume life insurance responsibilities. Previously he had been a trustee of the company. Almost his first occupation as a young man was that of life agent. For many years he was a successful banker, beginning in Spartanburg, S. C., and at length rising to the presidency of one of Philadelphia's great banks, and to a prominent position in the United States, evidenced by his election for a term as president of the American Bankers' Association. His direction of the affairs of the Penn Mutual has been aggressive and progressive, and his ability as a financier has been remarkably displayed.

W. A. White of Newark is celebrating his 29th anniversary of service with the John Hancock Mutual. He has been state agent in New Jersey for 26 years.

Dr. Gordon Wilson, medical director of the Maryland Life for the past 20 years, died suddenly last week from heart disease.

He was born in Virginia in 1876 and received his medical degree at the University of Virginia. He went to Baltimore as assistant resident physician at the Johns Hopkins hospital, serving under the late Sir William Osler. He served as a captain in the medical corps in the world war.

Alfred D. Foster, chairman of the board New England Mutual Life, died after a long illness at his home in Milton, Mass., last week. He was born in Worcester, Mass., April 27, 1852, and graduated from Harvard in 1873 and the Boston University law school in 1876.

Mr. Foster had been connected with the New England Mutual Life since 1880, when he became a law clerk to assist his father, then counsel for the company. He was elected a director in 1887, made vice-president in 1893 and elected president in 1908, serving in the latter office until 1924. He had served as a member of the executive committee of the Association of Life Insurance Presidents and was a director in many companies. A son, Dwight Foster, is assistant treasurer of the New England Mutual.

G. B. Stephenson, son of O. J. Stephenson, associate manager of the White & Odell agency of the Northwestern

Sole General Agent



ALBERT B. IRWIN

With Henry W. Laffer's transfer to Wichita, Kan., by the Northwestern Mutual Life as general agent, Albert B. Irwin, junior partner of Laffer & Irwin, Oklahoma City, Northwestern Mutual general agency for western Oklahoma, becomes sole general agent.

National Life of Minneapolis, was married recently to Miss Betty Gove, daughter of Charles Gove, president of the St. Paul Mutual Insurance Agency.

A. C. Larson, Wisconsin state manager for the Central Life of Iowa, was inducted as illustrious potentate of the new Zor Temple of the Shrine in Madison, Wis., Oct. 29.

F. E. S. Tucker, general agent for the Mutual Life at Battle Creek, Mich., for a number of years, died there the past week.

President E. D. Duffield of the Prudential was chairman of the committee which welcomed President Hoover on his visit to Newark, N. Y., Monday. Mr. Duffield greeted the president at the railroad station rode with him in the parade through Newark and made the introductory speech at the assemblage where Mr. Hoover spoke.

R. H. Hawley, formerly assistant manager for the Travelers in Kansas City, and now manager at Omaha, and Miss Jane Lovejoy of Kansas City will be married Thanksgiving day.

Agents of the C. B. Knight office of the Union Central Life in New York City celebrated his birthday by submitting 269 applications for \$1,922,344 in the two weeks preceding the event. Awards went to J. Loos, Jr., with 10 applications for \$19,000 for the greatest number of applications, and to Sigmund Wiltsciek, with eight applications for \$102,000 for the greatest volume.

The occasion was celebrated at an agency meeting, at which talks were made by Mr. Knight and Prof. J. E. Bragg of the New York University life insurance training course. Congratulatory telegrams were received from W. Howard Cox, president of the Union Central and from J. A. Hay, the first agent licensed by Mr. Knight when he became general agent for the company.

The National Guardian of Wisconsin has appointed James Hamilton manager of its mortgage loan department.

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AN AGENCY-MINDED COMPANY

Dedicated to the Service of its
Policyholders and Field
Representatives

Liberal Agency Contracts
Prompt Underwriting Service
Helpful Field Cooperation

A Policy for Every Purpose

LIFE
ACCIDENT & HEALTH
GROUP
SALARY SAVINGS

A Good Company to Represent



MISSOURI STATE LIFE INSURANCE COMPANY

Home Office, St. Louis

Paid to policyholders and
beneficiaries in 1931 . . \$24,442,491.89

Paid since organization, \$162,550,485.84



National Life Insurance Co. of the U. S. of A.
A. M. Johnson, Chairman of the Board

A Fine OLD Company
for
Ambitious YOUNG Men

Established 1868

It so happens that there
are territorial openings north,
south, east, west and in the
middle west—under a con-
tractual arrangement geared
to your actual production re-
sults.

NATIONAL LIFE
INSURANCE COMPANY
OF THE
UNITED STATES
OF AMERICA

Robert D. Lay
President

Walter E. Webb
Executive Vice-President

29 South La Salle Street, Chicago



A Profitable Investment For Your Policyholders

Some of your policyholders are employers who can ill afford to be without group insurance. The need for it was never greater.

Dependents of employees who die have more than usual difficulty in obtaining work.

Emergency relief of individual cases is particularly burdensome just now.

A standardized method of taking care of dependents is fairer, less troublesome, and less expensive.

**Connecticut General
Life Insurance Company**
Hartford, Conn.

They ARE Interested



Another of the 7 Points in the new Southland Selling Plans is a proven method of indirect selling. By this plan, the prospect sells himself and then signs a confession of his interest for Southland agents! What could be better? If you want more information, address Clarence E. Linz, 1st Vice President, or Col. Wm. E. Talbot, Agency Manager.

**Southland
Life Insurance Company**

HARRY L. SEAY, President

HOME OFFICE DALLAS, TEXAS

COMPANY NEWS

Vast Amount Is Paid Out

**Prudential Gives Figures for the First
Nine Months Showing Benefits
Going Out**

Between Jan. 1 and Sept. 30 the Prudential paid over 227,000 claims. Industrial death claims amounted to \$36,302,902, paid up additions \$5,443,224, disability payments \$1,165,318, matured endowments \$3,073,798, accidental death benefits \$2,035,804. Of the ordinary policyholders there were death claims of \$45,409,693, annuities \$1,443,007, matured endowments \$8,446,971, accidental benefits \$1,551,619. In addition to these the intermediate policyholders received over \$5,400,000. At the end of September the Prudential was remitting 3,450 monthly income checks to beneficiaries of ordinary policies. The total of these checks was \$213,067 per month. These figures cover 280,633 claims or 1,396 for every Prudential working day during the nine months period. Of the first nine months' claims, 14,943 involving \$6,102,130 were policies less than one year in force.

New Directors Are Named

**M. J. Dorsey and Others Resign from
Northern States Under Court's
New Arrangement**

The order of the superior court No. 2, Lake county, Ind., on the Indiana attorney-general's application for receivership for the Northern States Life, which named E. B. Stroup to continue the business under the court's jurisdiction, to cease soliciting business, pay all death and other claims as they accrue and postpone pending and future policy loans and cash surrender values until Nov. 1, 1933, was declared highly constructive by J. A. Massen, receiver for the Security Life of Chicago, who, Oct. 24, was elected a member of a completely reorganized directorate of the Northern States.

M. J. Dorsey, J. W. Seids, C. E. Johnson, F. H. Scholle and W. E. Price resigned as directors and H. S. Tressel, Bertram Day and Dr. O. C. Neier were carried over. There was agreement, however, that Messrs. Tressel and Day would resign Nov. 15, but it is believed that Dr. Seids will remain on the board.

New directors named to take the place of those quitting, including Mr. Massen are, J. C. Bowers, Chicago real estate man; Sylvester Maguire of the actuarial firm of Maguire, Undeutsch & Maguire, New York City; Bruce Vernon, manager Hammond plant of Lever Brothers Manufacturing Company of Hammond, soap makers; Harvey Arnold, president of the defunct Gary Trust & Savings Bank, which it is expected soon will reopen, and R. P. Harker of Frankfort, Ind., state counsel Pennsylvania railroad and district solicitor Cloverleaf division of the Nickel Plate railroad. Mr. Arnold formerly was an examiner of the Indiana insurance department and is a former director of the Northern States. Mr. Bowers has appraised all real estate of the Northern States and therefore is a valuable asset on the board.

Mr. Massen stated that it is a constructive move to permit nursing of the company through the period of excessive policy loans without forcing a receivership or the selling of securities at a sacrifice.

Asks Half Million Damages

The Dixie-Atlas-Republic of Campbellsville, Ky., has filed suit at Canton, O., against the Independent Life, F. Guy Hadley of Columbus, O., and J.

*Yes
We're
Bragging!*

Why Not?

Our New

"MONEY BACK" RETURN PREMIUM

**Policy Has Solved
The Sales Problem
For Our Men!**

1. All Annual Life Premiums are Returned in event of Death during term of policy.
2. The Premium is Low!
3. High Commissions Paid!
4. Prospect Leads Furnished!
5. Organized Sales Talks!

ARE YOU INTERESTED?

THE
BANKERS RESERVE LIFE
= COMPANY - OMAHA =

WALTER G. PRESTON,
President

**Mail the Coupon
TODAY!**

*Tell me about your
Money-Back Sales Plan.*

NAME _____
ADDRESS _____
CITY _____

Louis McDaniel, Nashville, Tenn., for \$500,000 damages, charging the defendants with twisting or having induced many of the plaintiff's good risks to cancel their contracts and take out policies in the Independent.

Kentucky Home Life Granted Tennessee License by Reece

LOUISVILLE, Nov. 3.—The Kentucky Home Life has been licensed in Tennessee by Commissioner Reece. The chancery court of Davidson county, Tenn., entered an order approving the Inter-Southern-Kentucky Home Life reinsurance agreement and dissolving the ancillary receivership in Tennessee.

Tennessee makes the fifth state in which the company has secured license, the four others being Kentucky, Ohio, Indiana and Nebraska. There are no complications in Arkansas and license in that state will probably be issued during the week, and perhaps in Florida as well.

Three additional general agents have recently been appointed, including C. B. Capers, Nashville, Tenn., who some years ago represented the Inter-Southern in other territory; Lawrence Wheeler, Falls City, Neb., and Marcel Dreyfus, Youngstown, O.

Ancillary Receivers for Florida Are Appointed

A move of a Florida creditor of the Old Colony Life to obtain assets in that state to meet an \$1,800 loan, which might have resulted in appointment of separate ancillary receivers in that state, with resulting extra fees and costs, was successfully met by the co-receivers in Illinois, A. S. Keys and J. A. O. Preus. Learning of the move of the Florida claimant who had advertised a large block of the Old Colony's much publicized Florida phosphate land located in Polk county, Fla., for sale to satisfy a judgment, Messrs. Preus and Keys were successful in being appointed ancillary receivers in that state and securing a postponement of the sale for 60 days. They made bonds, as required by statute, Sunday.

Reinsurance proposals which were presented in court a few days ago and then withdrawn temporarily, again were to be presented Thursday by the receivers in Circuit Judge Brothers' court

at Chicago. It was believed possible a reinsurer might be named at that time. Companies submitting proposals or suggestions as to the best way to handle the case were the Illinois Bankers Life, Life & Casualty of Chicago, All-States Life of Alabama, Old Republic Credit Life of Chicago, State Life of Illinois, and the Missouri National Life of St. Louis.

Launch New Dallas Company

DALLAS, TEX., Nov. 3.—The Guaranty Old Line Life, a legal reserve stock company, has been organized here by J. C. Everett and others. Its home office will be in the Wilson building.

Mr. Everett is president; Will A. Wade, vice-president and general manager; Dr. J. D. O'Brien, vice-president and medical director; J. D. Moffett, secretary-treasurer; T. H. Galbraith, assistant secretary and actuary; F. H. Johnson, general sales manager, and J. L. Mims, consulting actuary.

Mr. Everett has been in the insurance business in Dallas for 20 years. He was formerly vice-president of a Dallas company.

New Indiana Companies Licensed

The Indiana department has licensed two newly organized companies of Elkhart, Ind. The Elkhart National Life will write life and accident insurance under the assessment law, the incorporators being E. W., J. R. and A. W. Ball, E. J. and D. J. Short, Roy J. Long, Dr. Fred A. Lampman and V. R. Troyer, all of Elkhart, and R. A. Morrison of Goshen.

The Indiana Mutual Life, also of Elkhart, has been organized under the assessment law to sell only life insurance. The incorporators are Eugene Holde-man, J. S. Fisher and W. J. Sigerfoos, Elkhart; Whitefield Bowers, Michigan City, and Ben Summer, South Bend.

Shows 100 Percent Gain

The Missouri State Life showed a gain in new business of about 100 percent in October compared with September. Its agents have been participating in a special election campaign and in their enthusiasm to get elected to high offices and to win a place in the president's cabinet have been turning in an excellent volume of life, accident and group insurance.

The Fraternal Brotherhood of Los Angeles has changed its name to the Golden West Life.

LIFE AGENCY CHANGES

Leland Named by James & Co.

Supervisor of Aetna's Chicago Office for Several Years Heads Life Department Succeeding Murrell

Samuel Leland, Jr., has been appointed manager of the life department of Fred S. James & Co. of Chicago and has resigned as supervisor in the general agency of S. T. Whatley, Aetna Life in that city. Mr. Leland will train salesmen for the James office, which represents the Travelers as general agent. He will also act as life insurance counsel and assist in production and expert underwriting of business. He succeeds T. G. Murrell, who recently was appointed manager by the Connecticut General in New York.

Soon after beginning his business career, which followed a university course at the University of Chicago, his business life was interrupted by world war service for nearly four years, which began as a common seaman in the navy and ended as an ensign, including considerable duty in the perilous mine sweeping service in the North Sea. Thereafter Mr. Leland entered Mr.

Whatley's office as a personal producer of life insurance. After nearly three years Mr. Leland was made agency supervisor.

In addition to the usual duties in that position he directed semi-annually a life insurance training school. Mr. Leland was graduated from the course of the Rockwell life insurance sales school in 1927. In 1929 he took a complete course and became a graduate of the agency management training school conducted by the Life Insurance Sales Research Bureau of Hartford. In 1932 Mr. Leland completed the course of the life trust institute conducted jointly by the Chicago Life Underwriters Association and several trust companies.

Complete Lineup in Kansas

Northwestern Mutual Appoints Metzger at Kansas City, Kan.—Irwin Sole General Agent

George V. Metzger has been appointed general agent at Kansas City, Kan., for the eastern third of Kansas by the Northwestern Mutual Life. This completes the Northwestern's reorganization



Home Office Building

We Offer

1. Policies for all ages, 1 day to 70 years.
2. Children's Policies with Beneficiary Insurance.
3. Family Income Protection Plan.
4. Disability and Double Indemnity.
5. Surgical and Dismemberment Benefits.
6. Both Participating and Non-Participating.
7. Non-Medical—Sub-standard.
8. Sales Planning and Circularizing Department.
9. Producers' Club.
10. Special Monthly Premium Payment Plan.

Territory available in seven-teen states West of the Mississippi River, Illinois and Florida.

Write for a copy of "FIELD FEATURES"

James A. McVoy, President

Central States Life Insurance Company

HOME OFFICE: SAINT LOUIS

12% WITH SAFETY, OFFERED THROUGH FAMILY INCOME INSURANCE

THE DOMINION LIFE issues exceptionally attractive Family Income contracts, which offer the insuring public, literally, "12% With Safety". If you are a resident of the State of Michigan, we invite you to get in touch with us regarding these contracts.

F. W. SIMPSON

2724 UNION GUARDIAN BUILDING
PHONE CADILLAC 0604
DETROIT

THE DOMINION LIFE ASSURANCE COMPANY

When you hear about "Life Insurance as a Property Investment"—and you'll hear about it if you stay in the business—you are hearing about a selling idea fully developed and perfected only in "The Essentials of Life Underwriting"—a New Training Course by Abner Thorp, Jr. The Diamond Life Bulletins, 429 E. 4th St., Cincinnati, O.



THE Franklin Life Insurance Company has been issuing the best in life insurance protection since organization.

It has changed and bettered its policy forms to meet modern needs, it has changed its methods of selling those policies, it has met changing times and changing conditions.

But the desire of the Company to offer always and only the best in the way of protection has persisted through the years, and brought The Franklin to its present position of dependability.

The Franklin Life Insurance Company

Springfield, Illinois

Geared Selling

Send for booklet
"The Company Back of the Contract"

Fidelity gears its direct mail lead service to an exceedingly profitable "Income for Life" appeal. The premium value for each dollar invested by its agents last year in this service was \$54.60. Applications written on leads from the service are 36% higher than the company average of all paid policies.

Users Profit Accordingly

"Income for Life," Low Rate Life, Family Income, Disability, Accidental Death Benefits and a full line of annuity forms are included in the Fidelity kit—backed by more than half a century of fair dealing.

The FIDELITY MUTUAL LIFE INSURANCE COMPANY
PHILADELPHIA
WALTER LEMAR TALBOT, President

tion of Kansas, Harry W. Laffer of Laffer & Irwin, Oklahoma City general agents, having previously been appointed general agent for western Kansas with Wichita headquarters. Following Mr. Laffer's transfer, Albert B. Irwin becomes sole general agent for western Oklahoma.

Mr. Metzger has been a special agent at Kansas City, Mo., for the Sam C. Pearson general agency and has been with the Northwestern Mutual for about 20 years. He is a native of Toledo, O., where he graduated from St. John's University, later taking post-graduate work at the University of Michigan. Before going with the Northwestern Mutual, he was chief chemist and assistant superintendent of the United Kansas Portland Cement Co. He has been prominent in the life underwriters association of Kansas City.

Formerly with Poindexter

Mr. Irwin, a graduate of the University of Kansas, has been with the Northwestern Mutual for years as an agent, district agent at Leavenworth and Lawrence, Kan., and supervisor for the C. H. Poindexter general agency at Kansas City, Kan. On Aug. 1, 1930, Mr. Irwin and Mr. Laffer formed their partnership as general agents at Oklahoma City, succeeding Russell L. Law, who was transferred to Baltimore.

Mr. Laffer has represented the Northwestern Mutual for 16 years, as soliciting agent, agent and district agent in Colorado and Kansas. He graduated from the University of Kansas. The division of territory followed appointment of C. H. Poindexter, Kansas general agent as general agent at St. Louis, succeeding the late Flavel L. Wright.

Atlantic Life Appointments

The Atlantic Life has appointed Bert Anderson as general agent for Dallas, Tex., and adjacent territory, succeeding W. B. Sims, resigned. He was formerly one of the leading producers for the Jefferson Standard at Dallas.

C. W. Fenstermaker and W. T. Thornton, operating as the Fenstermaker, Thornton Company, are appointed general agents at San Antonio, Tex. This is new territory being developed by the company. Mr. Fenstermaker was formerly in the real estate business in San Antonio. Mr. Thornton has had experience as a life salesman there.

Arthur E. Kraus

Arthur E. Kraus has been appointed manager of the life and accident and health departments of California Agencies, representing the Continental Assur-

ance of Chicago in San Francisco. Mr. Kraus was formerly Portland, Ore., manager of the Monarch Life and prior to that with the Metropolitan Life. He is to have charge of northern California for the Continental.

Earle W. Zinn

E. W. Zinn of Seattle has been appointed general agent of the Northwestern National Life. He has been in the life insurance and investment business some 23 years, having started at Topeka, Kan., where he was a clerk and later assistant manager of a general agency. Then he went to Peoria, Ill., where he had a general agency. Two years ago he went to Seattle where he has been writing life insurance.

Richard H. Coombs

The Central Life of Iowa has appointed Richard H. Coombs as manager in charge of its Minneapolis office. Mr. Coombs has represented the New England Mutual for several years.

J. A. Schellentraeger

The Peoria Life has appointed J. A. Schellentraeger Philadelphia manager, to succeed Henry Chubb, who has resigned. Mr. Schellentraeger has been with the C. B. Knight agency of the Union Central Life in New York City for three years.

W. F. Hazelton

W. F. Hazelton, general agent for the Northwestern Mutual Life at Providence, R. I., since May, 1916, covering Rhode Island and southeastern Massachusetts, has terminated his contract to be relieved of administrative duties and have more time for writing personal business. He started life underwriting in Newark in 1904 with the Northwestern Mutual. M. W. Medbery has been appointed cashier at Providence and will be in charge of the office pending the appointment of a new general agent.

L. S. Broadus

L. S. Broadus, home office agency manager of the Central Life of Illinois at Chicago since early in 1929, has resigned to become Chicago manager for the Acacia Mutual. The Acacia post has been open several months. Mr. Broadus started with the Northwestern Mutual 12 years ago in Peoria, Ill., and after a year became general agent of the Central Life of Des Moines. Then he was transferred to Indianapolis as general agent and in 1924 became inspector of agencies in the home office of the Security Life of Chicago. He is

Northwestern's Kansas Chiefs



GEORGE V. METZGER
New Kansas City, Kan., General Agent



HENRY W. LAFFER
New Wichita, Kan., General Agent

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Agent

past president of the Life Trust Con-
ference of Chicago. The Acacia's Chi-
cago office has \$32,000,000 business in
force and 26 full time agents.

Neal Naylor, F. W. DuBose

Neal Naylor has been appointed super-
visory general agent of the Old Line
Life of Milwaukee in Chicago. This in-
no wise affects the status of F. W.
Compton, state supervisor. F. W. Du-
Bose, connected with the company
since July, has been appointed Milwau-
kee general agent. Mr. DuBose went
from Chicago recently where he was
connected with another company.

Marcel Dreyfus

Marcel Dreyfus has been appointed
northeastern Ohio general agent of the
Kentucky Home Life of Louisville. He
has had many years' experience in the
business, being connected with the
Inter-Southern from 1923 to 1932, first
at Youngstown, O., and later in Cleve-
land, his agency always being up among
the leaders.

Life Agency Notes

V. T. Franklin has been appointed dis-
trict manager at Bloomington, Ind., for
the American Central Life. He has been
in life insurance for a number of years.

William Dehnelt, formerly field assis-
tant at Pomona, Cal., for the Equitable
Life of New York, has been promoted
to district manager at San Diego.

Will Maintain Dividend Scale

The New England Mutual Life an-
nounced to its agency force this week
that it will continue the same dividend
scale and rate of interest on policy pro-
ceeds as for the past year.

Order "Business Life Insurance
Trusts," by C. A. Scully and F. W. Ganse,
just off the press, from The National
Underwriter. \$2.50.

CHICAGO NEWS

DINNER TO WHATLEY

S. T. Whatley, Chicago general agent
of the Aetna, Nov. 1, was given a "sur-
prise" dinner by his entire staff, the
occasion being his ninth anniversary
as the company's general agent there.
The agents pledged stated amounts of
business in November. George Tramel,
Insurance Exchange branch manager,
Aetna Life and affiliated companies,
was a guest, as were Nick De Nezzo, of
the home office conservation depart-
ment, and Clyde Gay, agency assistant,
who were in Chicago attending the Life
Agency Officers' and Research Bureau's
joint meeting.

* * *

BRUCHHOLZ MAKES FINE GAIN

The New York Life Chicago Clear-
ing House branch, Frederick Bruchholz,
agency director, showed a 25.8 percent
increase in October business.

* * *

PENN MUTUAL GATHERING

It is ridiculous to believe that any
very large proportion of the people do
not have the money to buy life insur-
ance now if they really want it, J. A.
Stevenson, agency vice-president of the
Penn Mutual, told some 150 members
of the company's three Chicago agencies
of A. E. Patterson, Stumes & Loeb, and
W. A. Alexander & Co., at a breakfast
meeting Monday. Mr. Stevenson said
at least 50 percent of the people have
the money. He was optimistic and ex-
pressed belief the turn has come and
conditions will be progressively better
in the next few months. He said pros-
pecting for people with money to buy is
the all important requisite in agency
work today. Both Vice-president Stev-
enson and W. A. Boileau, Jr., super-
intendent of agencies, outlined the No-
vember and December tenth anniver-
sary campaign in honor of President

ENTHUSIASM

Honest belief in the product backed by a sincere
appreciation of Company connections generates
that vital, all-essential quality—Enthusiasm.

Buffalo Life Policies answer the first requisite.
Liberal commissions and real service take care of
the second.

Excellent opportunities available to qualifying
agents in New York and Ohio.

JOHN M. HULL
President

FRANK F. EHLEN
Director of Agencies

BUFFALO MUTUAL LIFE INSURANCE COMPANY

Founded 1872

452 Delaware Ave.

Buffalo, N. Y.



"He Who Shoots at the Stars"

△ △ △

The famous statue of the
Indian warrior "shooting at
the stars," reveals ambition
raised to the nth degree.

Pilots to Protection do not
"shoot at the stars," but
their aim is high and the
steady growth of the com-
pany for more than a quar-
ter-century attests the ac-
curacy of that aim.

PILOT LIFE INSURANCE COMPANY

Greensboro, North Carolina

KNOWLEDGE IS POWER

SO think North American field
men, who are enthusiastic about
our practical special Field Service
Course. The enrollment is the largest
ever. The results of this training is
shown in a 20% increase in 1932
business over last year. Just another
reason why you should investigate
the North American connection.



NORTH AMERICAN LIFE INSURANCE COMPANY
OF CHICAGO.

E. S. Ashbrook
President

John H. McNamara
Founder

Paul McNamara
Vice-President



SOMETHING NEW THAT IS NEW IN LIFE INSURANCE

*A Dollar's worth for every Dollar paid
regardless of kind of policy purchased*

A \$1,000.00 Endowment Policy, any age at issue, guarantees \$1,961.54 plus Dividends in event policy becomes a claim the year it matures.

Our Twenty Payment most remarkable policy of all—too much to write about in this advertisement.

We have Ordinary with and without Cash accumulation. Without cash value it furnishes Pure Protection Life insurance at non-participating rates but on a participating basis—it is estimated dividends will amount to 50% within a few years, based on actual experience past five years.

Juvenile Policies—Ordinary, Twenty Payment and Endowment from birth, with all the fine features of our Adult Policies. Many other forms of Policies equally attractive.

Operating in Illinois, Michigan, Indiana and Missouri

INTERSTATE RESERVE LIFE INSURANCE COMPANY

Mutual Legal Reserve Life Insurance

Ten East Pearson Street : : : Chicago

And Now— Monthly Premiums!

Agents, profiting by the exceptional money-making opportunities of our Golden Rule Contract, now may place Monthly Premium Policies, as well as those on the Annual, Semi-annual or Quarterly basis.

A Monthly Premium Depositing Plan is certain to be popular in times like these.

Columbus Mutual Life
Columbus, Ohio

Law. Vice-president Stevenson said business is now being secured in increasing volume and always has been secured in good times or bad by the man who puts in extra effort.

* * *

STUMES & LOEB MEETING

H. T. Wright, associate agency manager of the Equitable of New York in Chicago and consistent "millionaire" for many years, told some 35 members of the Stumes & Loeb general agency of the Penn Mutual in Chicago at a meeting how to handle clients and service them under trying conditions so as to maintain production and business in force. Mr. Wright speaks with authority on this subject for he has main-

tained high production throughout the depression period.

* * *

CURRY SUCCEEDS LELAND

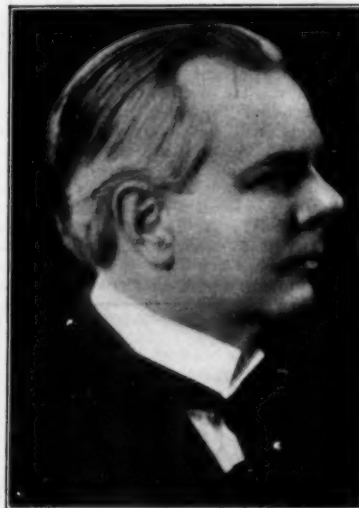
Robert Curry, an experienced Aetna Life man, has been appointed supervisor by S. T. Whatley, Chicago general agent of the Aetna, succeeding Samuel Leland, Jr., resigned to become life department manager for Fred S. James & Co. Mr. Curry was in charge of the group department in the Chicago office for five years, going there from Seattle where he was in the Aetna's group division. After leaving Mr. Whatley, Mr. Curry spent about three years with Barron G. Collier, street car advertising agency.

PACIFIC COAST AND MOUNTAIN

Death Takes Denver Veteran

M. G. Hodnette, Recently Made Inspector of Agencies for Union Central, Dies in Salt Lake City

M. G. Hodnette of Denver, general agent of the Union Central Life, who was recently made inspector of agen-



M. G. HODNETTE

cies for the Rocky Mountain department, died at Salt Lake City last Sunday after a brief illness. Mr. Hodnette became ill on his arrival in Los Angeles for a visit some weeks ago. He contracted a severe cold which weakened him considerably. On Thursday of last week he felt sufficiently recovered to leave for Salt Lake City. On his arrival his condition became worse steadily and pneumonia developed which caused his death.

Anniversaries Celebrated

Mr. Hodnette spent the greater part of his 56 years in life insurance field work. Last June marked the completion of 30 years since entering the business. In October he celebrated the 20th anniversary of his connection with the Union Central in charge of the Denver organization. His general agency covered Denver and Nebraska. Just a month ago, or on Oct. 1, he assumed his position of inspector of agencies for the Rocky Mountain district covering eight states in addition to his work as general agent. He is survived by Mrs. Hodnette, five daughters and one son. President W. Howard Cox and Vice-President Jerome Clark went from the home office to the funeral at Denver Wednesday.

Actuarial Club Meeting

The fall meeting of the Actuarial Club of the Pacific States will be held at Del Monte, Cal., Nov. 8-10. R. C. Burton,

secretary and actuary of the New World Life, is president of the club. The underwriting session Nov. 9 will be under Chairman F. M. Hope, vice-president of the Occidental Life.

Harris Los Angeles Speaker

George H. Harris, supervisor of the field service, Sun Life of Canada, spoke at the luncheon-meeting of the Life Managers' Club of Los Angeles on "Present Day Trends in Life Insurance." He stressed the need for managers and general agents to urge on their agents the necessity for hard work in the field in order to maintain their individual production at a reasonable and satisfactory rate, not permitting them to become discouraged and unmindful of existing opportunities to win success. The keynote of his remarks was selling life insurance to indemnify depreciation of estates.

Southern States Local News

Alabama Session Successful

Secure Adequate Funds for Operation of Insurance Department—All Inimical Measures Killed

MONTGOMERY, ALA., Nov. 3.—The Alabama legislative session which ends this week has been successful from an insurance standpoint. An amendment was secured to the pending appropriation bills, providing \$38,000 for salaries and expenses of the insurance department annually. Both of the pending measures originally carried only an \$12,500 appropriation which would have been barely enough to pay salaries without allowing anything for operation. The new amount will be adequate, Commissioner Greer stated. Recent passage of the Fletcher financial control bill took away from the department its former privilege of defraying its salaries and expenses from the department's receipts, making it necessary to make a specific appropriation for the department.

All legislation inimical to insurance interests has been killed including an additional 1 percent tax on life premiums.

A bill was passed exempting from creditors all life insurance made payable to a named beneficiary, whether the right is reserved to change the beneficiary or not, unless it can be shown that the insurance was purchased with intent to defraud the creditors. The old law exempted only what \$1,000 in premiums would buy on an ordinary life basis.

Another bill passed and now a law is the Bradford bill which gives the funeral and burial companies a free and unbridled hand in Alabama. Superintendent Greer thought the bill inimical to

public welfare but many of the people interested on the other side deemed it good legislation.

Receiver for Association

AUSTIN, TEX., Nov. 3.—At the request of the attorney-general's department a receiver has been appointed for the Citizens Mutual Life & Accident Association of Weatherford, Tex., which also operates the Bankers Life & Accident Association of Corsicana, Tex. The Travis county district court has issued an injunction prohibiting the Mutual Benefit Association of Louisiana, which maintains a branch in Corsicana, from taking over the policyholders of the Bankers Life & Accident, as the

Mutual Benefit Association is not entitled to be licensed in Texas.

Union Central New Orleans Meet

G. L. Williams, senior vice-president Union Central Life; Lee Carrington, actuary, and Paul Hommeyer, district supervisor, were in New Orleans this week and addressed the James W. Smith general agency.

Yarberry with Great American

V. L. Yarberry, formerly with the Fidelity Union Life of Dallas in Oklahoma, is now manager for the branch office of the Great American Life of Texas at Houston.

ACCIDENT AND HEALTH FIELD

Chicago Program Completed

Attractive Schedule Prepared for Accident and Health Sales Conference to Be Held Nov. 16

Programs for the accident and health sales conference sponsored by the Accident & Health Insurance Club of Chicago, which will be held Nov. 16 at 1 p. m. in the auditorium on the 21st floor of the Insurance Exchange, together with some very attractive poster announcements of the conference, were sent out this week to every agency in Chicago writing accident and health insurance or in which it is felt that there is a possibility of developing that line. The committee in charge, headed by R. W. Abbott, Maryland Casualty, president of the Chicago club, has arranged a program which is expected to be of interest to every class of producer and the interest already manifested in the conference assures a very large attendance. The program follows:

General Chairman, C. H. Davis.
"Purpose of the Sales Conference," C. H. Davis.

"Value of Selling Accident and Health Insurance," J. P. Murphy.

"How I Sell Accident Insurance," James Ledy.

Open Forum—Answers to pertinent questions on the sale of accident and health insurance, C. O. Pauley and E. A. Hauschild.

"How Disability Insurance Is Sold," Halsey Steins.

"Why I Sell Accident and Health Insurance," Joseph M. Gantz, Cincinnati.

In addition to the list of speakers for the conference, the program also contains the names of the officers and directors of the Chicago club and the complete list of the membership of that club.

Teachers' Policy Causes Storm

Detroit Agents Condemn Direct Negotiation With Companies—Protest Lodged by George Brown

The issue of whether group insurance should be negotiated through the home office directly or through a local agent has arisen in connection with the renewal of the Detroit school teachers' policy.

Representatives of the Detroit Association of Insurance Agents and the Detroit Accident & Health Managers Club were present when bids from the companies were opened by the officers of the teachers' insurance board. Bids were submitted by the Standard Accident, Michigan Life, Business Men's Assurance, Washington National, Zurich, Public Indemnity and Continental Casualty. The Zurich has carried the risk for several years. It appeared that the Michigan Life was the low bidder on the several classes this year.

Secretary George Brown of the Michigan Association of Insurance Agents at that time attacked the provisions called for by the teachers' insurance

board, demanding a payment to that board of \$1,000 a year for the employment of a clerk and 50 percent of the profit on the business. Mr. Brown said that this was tantamount to a premium rebate. Mr. Brown also criticized the provision that the insurance board shall be the authorized agent of the insured. He expressed doubt whether the insurance department would grant a license to the board. He said that the business should not be negotiated directly with any company. The Detroit agents, he said, should be given an opportunity to submit a bid. He charged that only certain companies had been invited to bid. About \$20,000 commission is involved, he declared and he contended this should be kept in Detroit. He said it is not good business or policy to buy insurance wholesale and spend the money out of the city.

Further discussion was deferred to a later meeting of the board, notice of which will be given.

In addition to Mr. Brown, the insurance men on hand were P. B. Bland, president of the Detroit Association of Insurance Agents; John P. Collins, president, and E. H. McFarland, member of the board of directors of the Detroit Accident & Health Managers Club.

Quarterly Premium A. & H. Agreement Again Reviewed

A conference of quarterly premium or semi-commercial accident and health companies was held in Chicago Tuesday night to consider the results obtained so far under the agreement adopted by those companies for uniform wording and coverage in some important policy provisions. Fifteen companies were represented, including several that did not attend any of the previous meetings at which those provisions were worked out. F. M. Feffer, vice-president Abraham Lincoln Life, was made chairman, with Harold R. Gordon, executive secretary Health & Accident Underwriters Conference, acting as secretary.

Substantial unanimity was reported in the adoption and enforcement of all the provisions covered by the agreement except that providing for reduction of indemnity at the older ages. At the time of the adoption of the agreement some companies made reservations as to that provision, which provoked more discussion than any other point. It developed at this meeting that only three companies are using this provision in its entirety and two of them were not entirely satisfied with it. Efforts to agree on a substitute for it were unsuccessful and the feeling seemed to be that it would be best to allow further study and experimentation along this line, with the idea of using the experience thus gained in a further effort toward agreement on a uniform clause at some later date. The basic idea was generally approved, but there were differences of opinion as to the exact method to be followed.

It also developed that there was not entire unanimity on paying but 40 per-

Reciprocity

Physicians and Mothers know full well that the "Second Summer" is the crucial period in an infant's development.

Conscientious life underwriters know equally well that the second year is the "Second Summer," the danger period in the history of the average policy.

If the agent and his company wish to cling to as many policyholders as possible through the first two precarious years, the best way to assure results is by *Adequate Compensation* for the winning of the first renewal premium. In other words, when the company makes *Renewal Pay Well*—as it logically should—there is greater satisfaction and service to client, agent and company.

AMERICAN CENTRAL LIFE INSURANCE COMPANY INDIANAPOLIS, IND.

"An Agency Minded Company"

Because!!

All the Officers of Agency Department are former Field Men.

The Medical and Underwriting Departments have practical knowledge of Field problems.

All the Officers and Directors take an active interest, and are in sympathy with Field affairs.

"Your new Agents—where and how to find them." (Just off the Berkshire press.)

"Fund-o-mentals"—Agents' Training Course.

Organized Sales talks.

With these "sales helps" and "co-operation" Berkshire associates are equipped to meet Field problems.

"ASK ANY BERKSHIRE AGENT"

Berkshire Life Insurance Company

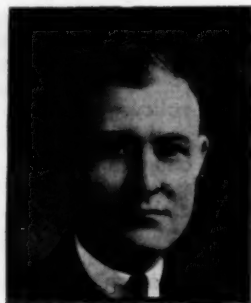
Incorporated 1851

Fred H. Rhodes, President

Pittsfield, Massachusetts

TOP-NOTCHERS

*Bankers Life Salesmen Who Have Achieved Success
Through Consecutive Qualification in Our
Highest Honor Organization*



C. B. AGNESS
KOKOMO, INDIANA
PRESIDENT'S PREMIER CLUB
1927-1928-1930-1931

BANKERS LIFE COMPANY

GERARD S. NOLLEN, President

Established 1879

Des Moines, Iowa

ANNUITIES

*are increasing
in popularity---*

*All forms
offered by---*

**The Lincoln National Life Insurance
Company Fort Wayne, Indiana**

WHAT TO KNOW ABOUT LIFE INSURANCE—

By J. B. Duryea.....Price \$1.50

A practical, clear statement by a field man or what the average salesman needs to know about the fundamentals. Order from The National Underwriter, 1946 Insurance Exchange, Chicago.

cent for partial accident disability, in line with the program adopted by the Bureau of Personal Accident & Health Underwriters. It was found that three or four companies are still using a 50 percent provision. Representatives of all those companies promised to give serious consideration to the question of making a change, although not ready to commit themselves definitely at this time.

There was some discussion of the limit of payment for total accident disability, put by the bureau at one year

for "his occupation" and thereafter for "any occupation," but the practices of the companies represented varied so widely that it was not considered feasible to seek any agreement on that part at present. Several other provisions were suggested on which a uniform wording would be desirable, but were not taken up for lack of time.

It is probable that another meeting of the group will be held at the time of the meeting of the executive committee of the Health & Accident Underwriters Conference in Chicago next week.

NEWS ABOUT LIFE POLICIES

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem." Published Annually in May and March respectively. PRICE, \$5.00 and \$2.00 respectively.

New Union Central Dividends

Increased 1933 Schedule Is Two-Thirds of That for 1931—Detail Figures Given

In the last issue of THE NATIONAL UNDERWRITER announcement was made of the increased Union Central dividend scale for 1933. The new 1933 scale which is two-thirds of that used in 1931, follows:

Ordinary Life						
	Div. Age 25	Div. Age 30	Div. Age 35	Div. Age 40	Div. Age 45	Div. Age 50
Prem...	19.12	21.63	24.89	29.20	35.02	53.96
Year						
1.....	2.91	3.13	3.36	3.52	3.69	4.97
2.....	2.98	3.21	3.45	3.60	3.81	5.27
3.....	3.06	3.31	3.53	3.69	3.94	5.55
4.....	3.14	3.41	3.61	3.78	4.09	5.85
5.....	3.23	3.49	3.69	3.89	4.27	6.15
6.....	3.32	3.58	3.77	3.99	4.45	6.44
7.....	3.40	3.65	3.85	4.11	4.64	6.74
8.....	3.49	3.73	3.93	4.23	4.85	7.03
9.....	3.58	3.82	4.02	4.37	5.07	7.31
10.....	3.67	3.91	4.11	4.51	5.31	7.60

Twenty Payment Life						
	Div. Age 25	Div. Age 30	Div. Age 35	Div. Age 40	Div. Age 45	Div. Age 50
Prem...	27.29	29.90	33.13	37.18	42.41	58.98
Year						
1.....	3.01	3.23	3.47	3.63	3.78	5.04
2.....	3.14	3.38	3.61	3.77	3.96	5.37
3.....	3.27	3.53	3.74	3.91	4.14	5.67
4.....	3.41	3.68	3.89	4.05	4.35	6.00
5.....	3.56	3.83	4.01	4.21	4.56	6.31
6.....	3.71	3.97	4.17	4.37	4.80	6.64
7.....	3.86	4.12	4.31	4.56	5.05	6.96
8.....	4.01	4.26	4.47	4.75	5.31	7.29
9.....	4.17	4.41	4.62	4.97	5.59	7.59
10.....	4.33	4.57	4.82	5.21	5.91	7.89

Twenty Year Endowment						
	Div. Age 25	Div. Age 30	Div. Age 35	Div. Age 40	Div. Age 45	Div. Age 50
Prem...	45.56	46.18	47.12	48.65	51.22	62.84
Year						
1.....	3.26	3.45	3.65	3.78	3.89	5.09
2.....	3.51	3.70	3.87	3.98	4.12	5.43
3.....	3.77	3.97	4.11	4.20	4.37	5.77
4.....	4.03	4.23	4.34	4.43	4.63	6.11
5.....	4.31	4.48	4.59	4.68	4.92	6.45
6.....	4.59	4.75	4.83	4.93	5.22	6.80
7.....	4.89	5.03	5.09	5.20	5.53	7.15
8.....	5.19	5.30	5.36	5.49	5.86	7.48
9.....	5.50	5.59	5.64	5.80	6.20	7.81
10.....	5.83	5.89	5.92	6.08	6.41	8.19

Business Men's Assurance Life Expectancy Special

The Business Men's Assurance is issuing a business men's special life expectancy policy, designed for those who desire protection during the normal life expectancy or active business period at minimum cost. At age 35, the protection is provided at a level rate for 32 years, the rate per \$1,000 being \$14.38 as compared with \$20.88 on the whole life form. The usual cash loan and non-forfeiture values are provided, except at expiration of policy the cash value is zero and values are smaller than under whole life.

The privilege of conversion to any limited payment life or endowment form also is offered. The policy may be converted as of the same date as the original Business Men's special life expectancy policy by payment of the difference in premiums with interest at 6 percent, or the new policy may be issued at attained age and dated on the conversion date, the policyholder having the privilege of applying the cash value to

the premium on the new policy. The new form is issued in amounts of not less than \$2,500.

Provident Life & Accident

The Provident Life & Accident has supplemented the guaranteed life income line with other contracts in this series to mature at ages 55 and 60, obtainable on continuous premium or 20 payment plans. They provide \$1,000 death benefit or the cash value, if greater, and a \$10 monthly life income after maturity. Rates for women are slightly higher than those shown below for men:

End. Cont. 20 Pay.			
Age	End. Cont. 20 Pay.	At 55	At 60
15	\$23.19	\$33.17	\$18.59
20	27.95	37.94	21.86
25	34.68	43.74	26.27
30	44.43	50.72	32.43
35	59.76	....	41.50
40	85.98	....	55.59
45	139.45	....	79.61
50	....	....	128.78

Midwest Life, Nebraska

The Midwest Life of Nebraska has adopted the endowment at 85 in addition to ordinary life, making possible through the higher cash values at only slightly higher rates development of a 20 payment accumulation endowment at 85. In event of death during the first 20 years, the difference in premiums plus 3½ percent interest, is added to the face amount. Thus the excess of premium over the basic life rate is returned in event of early death. If the insured, during the first 20 years, desires to change to regular 20 pay plan he may do so, with adjustment in cash value. Rates at quinquennial ages for the two new forms are:

End. 85 20 Pay		
Age	End. 85	20 Pay
10 to 13.....	\$12.46	\$20.31
15	12.70	20.61
20	14.14	22.35
25	15.98	24.49
30	18.34	27.11
35	21.42	30.41
40	25.49	34.63
45	31.00	40.20
50	38.58	47.70
55	49.06	57.80
60	63.80	....

Two Agents in Kroger Case

In last week's issue in connection with the announcement of the Kroger Grocery & Baking Company group insurance case the statement was made that C. C. Peebles, special agent of the Northwestern Mutual in Cincinnati, was the intermediary in the case. This should be corrected to state that Mr. Peebles and Lawrence C. Witten, general agent of the Massachusetts Mutual, were both recognized agents in the transaction. This is one of the largest group insurance cases closed for some time and the large vote of the Kroger employees in favor of the plan indicates the need for life insurance felt by the public in spite of the depression. There are 20,000 Kroger employees and it was necessary that 75 percent accept the plan in order that it should go through. The indications are that considerably in excess of 75 percent will have voted favorably.

NEWS OF LIFE ASSOCIATIONS

Cummings Is Texas President

Elected Head of State Association of Life Underwriters at Meeting in Dallas

DALLAS, TEX., Nov. 3.—O. Sam Cummings of Dallas, state manager for the Kansas City Life, was elected presi-



O. SAM CUMMINGS

dent of the Texas Association of Life Underwriters at its annual meeting here. He has been prominent in National association work and headed the committee which drafted the reorganization plan submitted at the San Francisco convention this year.

Vice-presidents are J. B. Smith, San Angelo; Joe S. Smith, Houston; O. P. Schnabel, San Antonio, and Tom P. Taylor, Fort Worth. Mr. Cummings succeeds Matthew Brown of San Antonio, manager Missouri State Life. He will name the secretary of the association later.

Indianapolis—Members of the Indianapolis association were luncheon guests Wednesday of the Indiana Federation of Women's Clubs. Mrs. Grace Morrison Poole, general president of the federation, and Mrs. W. S. Pritchard, director of the American family department of the National association, were the speakers. Many of the life underwriters were accompanied by their wives.

Michigan—The Lansing association is planning an interesting program for the Michigan association's annual fall meeting there Nov. 18. Dr. S. S. Huebner, dean American Life College, will be the main speaker. Commissioner Livingston and John Yates, Detroit, secretary National association, will also speak.

Boston—W. B. Bailey, economist for the Travelers, in addressing the Boston association, declared that it has taken one of the worst financial panics that the country has ever experienced to show the dependable investment value of life insurance to living policyholders in time of urgent need.

Los Angeles—Irving T. F. Ring, general counsel State Mutual Life, spoke at the luncheon-meeting of the Los Angeles association, on "Insurance Adaptation to Individual Needs." He discussed in detail the use of settlement options in providing for the various needs of the family, each option being described and the particular purpose to which it can be applied fully explained, together with the manner in which they can be combined to fit all the needs of the beneficiaries.

The opening episode of "An American Family," a national life insurance radio program, was presented. This is the nation-wide radio program which the National association has under consideration.

Clendenen Named President

Elected to Head East Bay Association of Life Underwriters at Annual Meeting

OAKLAND, CAL., Nov. 3.—Norman Clendenen, manager of the Travelers, was elected president of the East Bay Life Underwriters Association at its postponed annual meeting. H. C. Brown, Prudential, was elected first vice-president and C. L. Fowler, New York Life, second vice-president. Neil E. Munro of Munro & Sons was named secretary with Donald W. Munro, his son, as assistant secretary. Arthur T. Dowse, Equitable Life of New York, was named treasurer.

T. A. Cox, leading producer of the Northwestern Mutual Life, who has rendered outstanding service as president for the past 18 months, was elected national executive committeeman. The officers of the organization compose the executive committee.

Mr. Clendenen has been vice-president. Before coming to Oakland in 1929 he was an officer of the San Francisco association. He has been manager of the Travelers here for three years and was assistant to A. S. Holman in San Francisco from 1925 to 1929. Prior to that he was with the company for seven years in southern California. He represented the East Bay association on the national convention program due to the forced absence of President Cox. The new officers will be installed Dec. 8.

Chicago—R. B. Hull, managing director National Association of Life Underwriters, and H. G. Kenagy of the Life Insurance Sales Research Bureau will address the managers' division of the Chicago association at its monthly meeting Friday noon in the Union League Club. Mr. Hull will talk on "The National Association and the National Convention at Chicago in 1933," and Mr. Kenagy on "What Knute Rockne Taught About Handling Salesmen."

Dayton, O.—R. B. Hull, managing director National association, addressed the Dayton association last week.

"There are indications," he said, "that out of our late but not lamented depression will come ideals and philosophies far more valuable than piles of dollar bills. We are seeing with a clear vision and deeper feeling the things of real human worth, that are not dependent on the markets of the day."

St. Paul—"Beware of any inducement to surrender present policies for new insurance, as every life insurance policy has certain property values," was the message which Charles C. Thompson of Seattle, president National association, brought to St. Paul when he addressed the monthly luncheon meeting of the St. Paul association. He predicted that regardless of the election results, business would go ahead.

San Francisco—The San Francisco association received 78 new members at its last meeting, bringing the total paid membership to well over 600. President Ben F. Shaprow announced plans for the December meeting, which is to be "sans speakers" and in the form of a "high-jinks." Dr. E. L. Woodruff, Manhattan Life, national executive committeeman, is in charge.

G. H. Harris, supervisor of field service Sun Life, spoke on "Life and Annuity Underwriting—Present Day Opportunities." He traced the reaction of the general public since 1929, saying that they are now not only "chastened," but are thinking right, are serious-minded and have received a "correction of values." He pointed out that every economic and business change brings opportunities for the use and sale of life insurance.

Louis Ferrari, vice-president and general counsel of the Bank of America, who appeared in opposition to one of the constitutional amendments appearing on the Nov. 8 ballot relating to mortgages and trust deeds, paid a glowing tribute to life insurance.

YEOMEN



A Business Builder for Thinking Agents

Old-time methods and policies will not write business in 1933-34.

But Yeomen methods will. Because they provide newest policy forms to meet present selling conditions, modern sales helps that have proven their practical results, personal aggressive cooperation from home and district offices. And backing by a company with a 35-year record second to none.

We have some excellent openings at this time. For full information, write

Yeomen

MUTUAL LIFE INSURANCE CO.

A. H. HOFFMAN, President

Home office: Des Moines, Iowa

\$141,000,000.00 insurance in force

"IN YEOMEN THERE IS STRENGTH"

Clarence L. Ayres
President

Claris Adams
Executive Vice-President

AGENCY OPPORTUNITIES

in

INDIANA

OHIO and ILLINOIS

Liberal Commissions
Complete Line of Policies

AMERICAN LIFE

INSURANCE COMPANY

DETROIT, MICHIGAN

AS SEEN FROM NEW YORK

By R. B. MITCHELL

ARNOW JOINS HANCEL OFFICE

Arthur Arnow, prominent insurance broker and for the last four years president of the General Brokers' Association of New York, has been appointed division manager by Manager M. J. Hancel of the Continental American Life's recently established New York City branch.

Mr. Arnow has been actively interested in insurance affairs since he became a licensed broker in 1906. He was one of the founders of the General Brokers' Association in 1926. Before becoming its president he was secretary for two years, chairman of the legislative committee and the executive committee.

As secretary of the joint committee of all the brokers' associations and the local agents' associations of New York state he was instrumental in obtaining the passage of the brokers' qualification law and also played a prominent part in the passage of the agents' qualification law.

Mr. Arnow represents the Brooklyn Insurance Brokers' Association on the insurance council of the Brooklyn chamber of commerce and is a member of both the board of directors and the executive committee of the New York Insurance Federation. He has represented

insurance brokers at all legislative hearings on insurance matters for the last six years.

Mr. Arnow and Mr. Hancel have been close friends for many years. The Continental American's new office has established what may well be a record for a new agency. In the first three weeks of its existence it more than tripled its quota of business and ranked first for the company's offices countrywide.

Mr. Hancel's reputation for ability as a manager is indicated by the fact that more than 60 agents joined the agency in this period. A number of the company's officers held a conference at the New York branch last week, including President A. A. Rydgren, Vice-President G. A. Martin, Secretary D. E. Jones, Comptroller F. R. Gale, and Medical Director S. C. Rumford. Francis V. Dupont, a director of the company, was a visitor at the agency and agents were given an opportunity of meeting him.

MUTUAL LIFE CONFERENCE

The annual New York City metropolitan field club convention of the Mutual Life of New York will be held Nov. 18. The agents of the offices of Managers Bowers, Taylor, Adams, Kassoff and

Myrick will attend. The business meeting will start after luncheon and will be presided over by Manager J. S. Myrick.

The program will be as follows: "Welcoming Agents," Julian S. Myrick; "Prospecting in 1932-1933," John C. McNamara, Jr., general agent of Guardian Life; "Field Equipment Program of Company—New Literature," Richard E. Myer, agency inspector Mutual Life; "New Policies," Joseph B. Maclean, associate actuary of Mutual Life; "Business Life Insurance," Leon Gilbert Simon, Equitable Life; "Life Insurance, the Underlying Security of the United States for the Protection of One's Home, Business and Old Age," J. Elton Bragg, director, Life Insurance Training Course, New York University.

The speaker for the evening will be George K. Sargent, vice-president and manager of agencies, whose subject will be: "The Mutual Life Insurance Company."

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TALK BY JOHN J. GORDON

John J. Gordon, general agent of the Home Life in New York City, spoke at the meeting of the Brokerage Managers Association Tuesday. He urged brokerage managers to devote more of their time to bringing new full timers into the business on account of the present reduced volume of business from brokerage sources. The association will on Dec. 6 give a dinner for all general agents and managers whose brokerage managers are members of the association.

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SOME OCTOBER REPORTS

The J. S. Myrick office of the Mutual Life of New York paid for \$1,516,548 in October as compared with \$2,532,200 for October, 1931. For the first ten months total paid-for business was \$21,977,485 as compared with \$30,737,968.

The R. H. Keffer agency of the Aetna Life paid for \$1,533,583 during October as against \$2,344,403 for the same month of last year. Paid-for business for the year to date amounted to \$17,105,875 as against \$21,311,297 for the same period in 1931.

Valuable Publicity Has Been Secured

(CONTINUED FROM PAGE 3)

The compiler found that in the main the position given to the stories of life insurance in this connection was very favorable. It was seen that many papers did not regard this purely as financial news to publish in their financial section but felt that it was of general news interest and assigned it therefore in the front part of the paper. Some papers published it on the front page and used it as their leading article.

Altogether the papers this year gave the subject more prominence than ever before. The story brought out the wonderful work that life insurance had done during a year of great depression and many agents used the special number as a canvassing document. Thousands of dollars of new business were secured simply by the impressive statistics and feature articles used in this most valuable number.

Attacks on Legal Reserve Halted by Ohio Decision

(CONTINUED FROM PAGE 3)

investment feature. This feature and the financial depression have manifestly had much to do with unfair competition and twisting of insurance which has caused complaints to be filed with the insurance department.

Judge Warner's decision strikes at the fundamental question of "twisting" investment insurance into term and the cheaper forms. Obviously, after the expense of putting an investment policy on the books has been incurred it should not be lightly disturbed or attacked on

Woman Has 401 Weeks Consecutive Production



MISS EMMA H. DITZLER

Miss Emma H. Ditzler of the Fraser agency of the Connecticut Mutual Life in New York City recently completed 401 weeks of consecutive weekly production. This means that for eight years she has averaged about three cases per week.

About 75 percent of Miss Ditzler's business is among women, who, she says, are tremendously interested in retirement income. She was on the program of the National Association of Life Underwriters at its meeting in Washington, D. C., in 1929, and attracted much attention by her talk on selling to women.

any ground that the system is unsound, particularly by agents who have the inducement of a commission in tearing down the legal reserve plan of accumulation. There can be no objection, of course, to any company going out and selling straight term insurance as such; but, as Judge Warner points out, the combination investment-protective plan is licensed and endorsed by the state and is entitled to a certain degree of protection. Any solicitation by agents who seek to write one form of life insurance by causing the lapsation of another form is obviously to be looked upon with suspicion.

Sentence to Be Passed on Day and McCutchan Nov. 4

Sentence will be passed on Nov. 4 on Darby Day and J. B. McCutchan, who were convicted in the federal district court at Jefferson City, Mo., of conspiracy in using the mails to defraud in the organization of the Chicago Fidelity & Casualty and the acquisition by it of other companies.

Day and McCutchan were indicted on four counts and both were convicted on the first and second and McCutchan on the third. The jury was disagreed as to Day on the third. There was no agreement on the fourth. The government then dismissed both defendants on the third and fourth counts.

Attorneys for Day and McCutchan said they were waiting for formal sentence before deciding whether an appeal would be taken. It was indicated, however, that a new trial will probably be asked.

The government alleged that Day and McCutchan obtained notes and deeds of trust with a face value of \$1,400,000 in making up the assets of the Chicago Fidelity & Casualty, these instruments having been obtained through straw men.



THE oath of office taken by a president is no more sacred than the trust bequeathed to representatives of a life insurance company. On their shoulders rests the happiness of countless families, both those who have invested their savings and those who have not. Their integrity, industry, and judgment are talents upon which depend the welfare of rich and poor.

That this trusteeship has been held sacred is attested by the growing confidence in life insurance during the past two years of economic depression. Central Life is glad to report its part in this trusteeship has brought financial independence to thousands of its members, strength to its basic structure, and opportunity to its representatives.

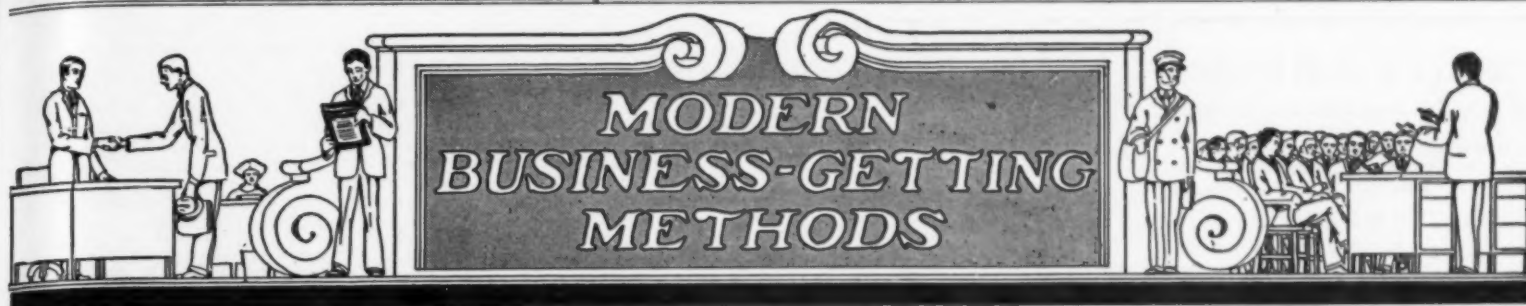
Central Life Assurance Society

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Possibility of Lag in Life Insurance Production Behind Other Business Unless Agents Get Unusually Busy

NEW YORK, Nov. 3.—Basing his warning on the behavior of life insurance sales after the 1921 depression, Gerald A. Eubank, manager of the life department of Johnson & Higgins, predicts that unless agents realize the urgency of making the utmost out of every sales possibility, life insurance will lag a full year behind business as a whole in starting its upward swing from the depression levels of 1931.

Mr. Eubank made this statement after a study of 1921 conditions. According to the charts of several leading statistical organizations, the bottom of that depression was reached shortly before the middle of 1921. Figures of the Life Presidents Association show, however, that May, 1922, was the first month in which ordinary life sales made any appreciable rise above the sharply curtailed sales of 1921.

For the first four months of 1922, ordinary life production had been, month for month, almost identical with the same period of 1921. For May it

was a shade less than 8 percent above the same month of 1921. For June, although the actual volume was less than the previous month's, the percentage increase over June, 1921, was about 10 percent.

In attempting to determine when an upturn has started, two important factors must be considered. These are seasonal variation and long-time trend. In the general business statistical charts previously referred to, these were taken into account and by comparing life insurance production with the same month or period of the previous year the distorting effect of seasonal variation is offset.

The actual low point in the production of ordinary life insurance in the 1921 depression was reached in September of that year, or only five months after the bottom of the general business curve. Yet, although production kept increasing rapidly for the rest of the year, it was May, 1922, before it could be said that the upturn in life

insurance had carried production above the depression level.

This apparent confusion arises from the marked seasonal variation in ordinary life sales. The normal seasonal curve is down for January and February, up in March, receding somewhat in April, up again in May and June, and then steadily downward, reaching bottom in September, then progressively upward, attaining the highest peak of the year in December.

Long-Time Trend Factor Has to Be Considered

The long-time trend factor is equally important in an accurate consideration of post-depression upturns and reversions to a normal rate of sale. Just what constitutes normal life production is difficult to define. However, since it is obvious that life insurance, like Mr. Einstein's conception of the universe, is in a constantly expanding state, it is equally obvious that for production to equal or even slightly exceed the previous year's figure is not sufficient to constitute a return to normal.

On the average, production of ordinary from 1913 through 1931 in each year exceeded the previous year's figure by about \$400,000,000. In other words, the average monthly increase over the same month of the previous year is about \$33,000,000. If the percentage

increase or decrease of each year over the previous year is computed and results totaled and averaged, the average percentage increase from 1913 through 1931 is about 11 percent. However, it must be remembered that since the yearly increase is approximately constant for the last 20 years, the percentage relation that this increment bears to the previous year becomes smaller as the annual volume grows larger.

A graph of ordinary life production from 1913 through 1931 shows a steady upward trend with no tendency to get steeper or to flatten out. The chief deviations are the upward jump that production made in 1919 and the fluctuation downward due to the present depression.

Thus, while May, 1922, saw ordinary production getting back to its normal excess over the same month of 1921, an increase of about \$34,000,000, it was still somewhat below the normal line because of the extent to which 1921 fell below normal.

It is generally accepted that the bottom of the present depression was about the middle of last summer. Hence, Mr. Eubank points out, there is grave danger that unless every effort is made by agents, there will be repetition of the 1921-22 experience and the upturn in life insurance will be delayed until the middle of next summer or later.

Stewardship

THE MUTUAL BENEFIT is justly proud of its record of stewardship, for funds entrusted to its care have been conserved and wisely increased. Neither war, nor plague nor panic has prevented the performance of its contracts. And in that constancy there is confidence that members of the Company will continue to find safety in Mutual Benefit protection. New policies being issued daily are contractual obligations and will further demonstrate the unchanging character of Mutual Benefit security . . . the first law of a life insurance company is security.

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Newark, New Jersey

Chivalrous

New York City in Mid-October provided the finest manifestation of life underwriter sportsmanship that we have seen in many a day. A hitherto unrepresented company had announced the establishment of a metropolitan agency. The city already had scores of life agency offices. And yet to welcome the newcomer sixty-five prominent Managers, General Agents, and Special Agents gathered at a luncheon. By their presence and in individual felicitations they offered their friendship and their cooperation.

This did not mean that the new representatives would not encounter the inevitable rivalries of competition. But it was obsequiousness to that spirit of our profession which places service far in advance of self in our work for the nation.

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Replacement Evil Absorbing Topic

(CONTINUED FROM PAGE 1)

tigate the operations of the bureau. Many companies, Mr. Devlin said, now regret that they did not do likewise. The investigating committee under Oliver Thurman of the Mutual Benefit Life, according to Mr. Devlin, really became an advisory committee and the accomplishments of the bureau during the year have centered about the recommendations of that committee. The bureau consultants, he said, have proved the value of the personal touch. The bureau seminar for midwest and Canadian companies last August was a new and successful departure, he said.

A knowledge of tried and tested plans is needed today, Mr. Devlin said. Better methods should be sought out to conserve business at a cost accountable to all. Assistance is greatly needed in conservation, he said, and conservation plans of the companies have never been so tested as they are today.

Greetings from Other Organizations

Mr. Devlin thereupon introduced a number of representatives of other organizations, starting with Charles Butler of the Great West Life, who is president of the Canadian Life Agency Officers Association. He invited the agency officers of the United States to attend the Canadian meeting which will be held next May in Lucerne, Quebec.

Mr. Butler made a hit when he said: "No matter what the countries may think of reciprocity, there is no tariff wall between the insurance men on this continent." The data on replacement prepared by the committee of which F. L. Jones is chairman was given to the Canadians and was used by them to advantage, according to Mr. Butler. Nearly every Canadian company has put the questionnaire as to replacement in the application and some have put it in the medical blank, he said.

The next greeter was Judge Byron K. Elliot, manager of the American Life Convention, who responded graciously for his organization and its president, Daniel Boone.

National President Speaks

Then came Charles C. Thompson of Seattle, who is president of the National Association of Life Underwriters. He said that his organization is giving special attention to conservation, a standing committee having been appointed on the question and a resolution having been adopted at the San Francisco meeting opposing the sale of insurance to replace existing insurance. Mr. Thompson expressed objection to the practice of permitting the diversion of insurance from full time agents to those who are not seriously in the business. Mr. Thompson said that the New England Mutual asks its new agents whether they intend to join the life underwriters association. He said that this is gratifying to the agents.

John S. Thompson, vice-president of the Mutual Benefit and president of the Actuarial Society of America, was next. No longer, he said, is the actuary regarded as the natural enemy of the agency officer. Actuaries, he declared, are now associated in agency work. Some problems are common to actuaries and agency officers and the application of actuarial problems to the solution of agency problems has come to the fore. Mr. Devlin thereupon announced the appointment of the nominating committee consisting of L. P. Brigham, superintendent of agents National Life of Vermont, chairman; Stephen Ireland, vice-president of the State Mutual Life, and Walter E. Webb, executive vice-president National Life U. S. A.

John Marshall Holcombe, Jr., manager of the Sales Research Bureau, delivered the first formal address. He announced that two new members had joined the day before the meeting, they

being the Yeomen Mutual and Prudential. With the latter company in the ranks, he said, the bureau membership comprises the first 25 companies. During the year the New York Life became a member. New standards have been set up for measuring the success of agency officers, Mr. Holcombe said. Volume is not the only shibboleth. The agency officer must get the business at a cost commensurate with the needs of his company and must be more of a general officer of his company, contributing to the company's welfare. The bureau, he said, having been founded 11 years ago is in a better position to help the agency officer meet his increased responsibilities than if it had been established more recently.

The why of sales research is no longer asked, he said. "Now we ask how," Mr. Holcombe remarked.

Reads President Hoover's Letter

Mr. Holcombe read a letter from President Hoover expressing interest in the affairs of the bureau and the life agency officers. The security of the citizens is wrapped up to a large extent in life insurance, the message stated, and anything promoting its sale promotes the national welfare. The bureau has the long term objective of steering the thinking of agency officers, Mr. Holcombe said, as well as solving immediate problems.

The bureau wants its men to have a professional attitude. "Our function," he said, "is to know many secrets and know when to keep quiet about them at the right time."

Mr. Holcombe said that the bureau is putting emphasis on personal contact instead of the printed page. Men are being sent to the companies to discuss those subjects which are uppermost in the minds of the companies.

During the year, he said, four schools of two weeks duration each were held as well as the seminar in Chicago, which was attended by 22 men. Managers' school will be held next year in February in Toronto, May in California, June in New England and August in Chicago. A seminar will be held in the east and another in the west.

Doolin Reports on Survey

L. J. Doolin of the bureau staff was the next speaker. He reported on a survey, which showed that under certain circumstances production contests are wholesome and valuable. Then came Mr. Morrison's talk advocating a change in commission arrangements.

Frank L. Jones then gave his report as chairman of the committee on replacements. He submitted a pamphlet reviewing the program of the project in which 55 companies are cooperating to minimize the replacement evil. The pamphlet is an amplification of what he presented at the annual meeting of the American Life Convention. He said that the replacement question is not new, but that it has accelerated recently and is a challenge to the legal reserve principle. It is only a short step, he said, from the theory that business upon which there is a loan may be replaced advantageously to the theory that it is advantageous to anyone with a substantial reserve to surrender and buy new insurance. The agent who is encouraged to replace policies on which there are loans, he said, will get a taste of blood and will tackle policyholders who do not have loans.

Cadigan Draws Laugh

The final speaker at the first session was Mr. Bullock. John W. Cadigan, vice-president of the New World Life and sure fire wit, drew a laugh in announcing the dinner for the alumni of the agency building schools, which, he said, have shown a 40 percent increase, but he added have a business "in lapsation." The pleasant feature of the first day was the luncheon for the newspaper men, given by the bureau. Among those present were Mr. Holcombe and other members of his staff, M. A. Linton, president Provident Mutual Life; Roger B. Hull, managing director, and C. C.

Thompson, president National Association of Life Underwriters.

In reporting to the joint meeting on 1933 insurance day, A. G. Borden, second vice-president of the Equitable Life of New York, recommended that in 1933 an entire week be devoted to the cause some time in March or April and that it be known as life insurance and annuity week. Mr. Borden was chairman of the 1932 day.

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